



MONTANA
HOUSING

MONTANA BOARD OF HOUSING – BOARD MEETING

- Date:** Monday August 14, 2023
- Time:** 8:30 a.m.
- Board Chair:** Sheila Rice
- Remote Attendance:** Join our meetings remotely via Zoom and/or phone
- Conference Call:** Dial: 1 646 558 8656 | Meeting ID: 859 4374 8736 Password: 954264
- Register for Webinar:** <https://mt-gov.zoom.us/meeting/register/tZEkc-qvqjMtGdK6lYZLxlelbGnlxiMmn974%20>
- 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: Catherine Koch)

- ❖ Financial Update

Homeownership Program (Manager: Vicki Bauer)

- ❖ Approval of Bond Resolution 23-0814-SF02_2023B
- ❖ Homeownership Update

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



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Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

Multifamily Program (Manager: Jason Hanson)

- ❖ Per Unit Cost Waiver
- ❖ 15 Patrick Housing Montana Fund Loan
- ❖ Parkview Bond Resolution
- ❖ Multifamily Update

Operations / Executive Director (Joe DeFilippis / Cheryl Cohen)

- ❖ Operations Update (Joe DeFilippis)
 - ARPA Housing Programs (ERA & HAF)
- ❖ Executive Director Update (Cheryl Cohen)

Board Officer Elections

- ❖ Presiding Officer / Board Chair
- ❖ Vice Chair
- ❖ Secretary

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.

2023 CALENDAR

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

February						
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March						
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30						

May						
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November						
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December						
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24/31	25	26	27	28	29	30

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

July 2023

10 – Board Meeting via Zoom

August 2023

14 – Board Meeting via Zoom

September 2023

12 – Board Meeting via Zoom (not this is a Tuesday, not a Monday)

October 2023

15–18 – NCSHA Annual Conference - Boston

23 – Board Meeting Housing Credit Award Determinations / QAP – Delta Colonial Helena

24 – Board Training and Strategic Planning – Delta Colonial Helena

November 2023

13 - No Board meeting currently scheduled

December 2023

11 - No Board meeting currently scheduled



MONTANA HOUSING

Zoom
August 14, 2023

ROLL CALL OF BOARD

MEMBERS:

Sheila Rice, Chairwoman (Present)
Amber Parish (Present)
Tonya Plummer (Present)
John Grant (Present)

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

STAFF:

Cheryl Cohen, Executive Director
Joe DeFilippis, Operations Manager
Ginger Pfankuch, Accounting Program
Bruce Brensda, Multifamily Program
Kylee Hughes, Exec Assistant
Catherine Koch, Accounting Program

Vicki Bauer, Homeownership Program
Jason Hanson, Multifamily Program
Megan Surginer, Office Manager
Kellie Guariglia, Multifamily Program
Mary Palkovich, Servicing Program
Charlie Brown, Homeownership Program

COUNSEL:

Greg Gould, Jackson Murdo & Grant
Drew Page, Kutak Rock

John Wagner, Kutak Rock

UNDERWRITERS:

Mina Choo, RBC Capital

Patrick Zhang, RBC Capital

FINANCIAL ADVISORS:

Gene Slater, CSG Advisors

David Jones, CSG Advisors

OTHERS:

Alex Burkhalter
Chris Rudmann
Julia Hope
Tyler Currence

Amber Robbins
Joseph Tait
Misty Dalke

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



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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 Sheila Rice called the Montana Board of Housing (MBOH) meeting to order at 8:33 a.m.

0:44 Introductions of Board members and attendees were made.

3:35 Chair Rice asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

May 23, 2023 MBOH Board Meeting Minutes – page 5 of packet

3:53 Motion: Cari Yturri

Second: Amber Parish

The May 23, 2023 MBOH Board meeting minutes were approved unanimously.

BOARD OFFICER ELECTIONS

4:53 Board Chair: Bruce Posey

Vice Chair: Sheila Rice

Secretary: Amber Parish

Motion: Jeanette McKee

Second: Cari Yturri

The motion to approve the board slate as listed was approved unanimously.

FINANCE PROGRAM

Finance Update – page 9 of packet

6:12 Presenter: Catherine Koch

HOMEOWNERSHIP PROGRAM

Approval of Bond Resolution 23-0814-SF02_2023B – page 12 of packet

9:40 Presenter: Vicki Bauer

Motion: Cari Yturri

Second: Jeanette McKee

The motion to approve bond resolution 23-0814-SF02_2023B was approved unanimously.

Homeownership Update – page 18 of packet

15:50 Presenters: Vicki Bauer

MORTGAGE SERVICING PROGRAM



MONTANA HOUSING

Servicing Update – page 20 of packet

18:26 Presenter: Mary Palkovich

MULTIFAMILY PROGRAM

Cost Per Unit Waiver – page 21 of packet

22:25 Presenters: Jason Hanson

Motion: Cari Yturri

Second: Bruce Posey

The motion to approve the CPU waiver for projects with Housing Credits allocated under the 2023 QAP to the same CPU as the 2024 QAP was approved unanimously.

Combine the previously approved Multifamily Program Loan and Housing Montana Fund - Affordable Housing Revolving Loan for 15 Patrick Apartments (previously Bozeman Apartments) into a single Housing Montana Fund - Affordable Housing Revolving Loan – page 22 of packet

25:56 Presenter: Jason Hanson

Motion: Bruce Posey

Second: Jeanette McKee

The motion to approve combining the previously approved \$529,811 Multifamily Program Loan and Housing Montana Fund - Affordable Housing Revolving Loan of \$499,897 into one Housing Montana Fund - Affordable Housing Revolving Loan of \$1,029,708 in second position with a 40-year amortization, 16-year term and based on targeting is at a 4.00% interest rate that will close on or after 3 months of stabilized occupancy and concurrent with conventional permanent mortgage, with the staff's discretion to change loan terms was approved unanimously.

Parkview Apartments Resolution – page 23 of packet

29:41 Presenters: Jason Hanson

Motion: Jeanette McKee

Second: John Grant

The motion to approve resolution 23-0814-MF08 (Parkview Apartments) was approved unanimously.

Multifamily Update – page 36 of packet

31:53 Presenters: Jason Hanson

OPERATIONS/ EXECUTIVE DIRECTOR

Operations/Executive Director Update – page 37 of packet

35:56 Presenters: Cheryl Cohen, Joe DeFilippis



MONTANA
HOUSING

MEETING ADJOURNMENT

50:40 Meeting was adjourned at 9:23 a.m.

DocuSigned by:
Amber Parish

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Amber Parish, Secretary

9/15/2023

Date

BOARD AGENDA ITEM

PROGRAM

Accounting and Finance Program

INVESTMENT DIVERSIFICATION

Diversification is an investment strategy that entails the purchase of a mixture of investments that reduces the exposure to investment risk. The Board portfolio is invested in historically low risk investments. FHLMC (Freddie Mac) and FNMA (Fannie Mae) are Government Sponsored Enterprises (GSE) that are currently under government conservatorship and some investors assume they are implicitly guaranteed by the federal government.

- As of June 30, 73.6% of MBOH funds were being held in money market earning 4.99 to 5.01%.
- 12.0% of investments were being held in U.S. Treasuries with rates from 0.27% to 6.48%.
 - The lower interest rates were purchased before 2023 market increases and will be maturing at the end of this fiscal year 2024.

WEIGHTED AVERAGE YIELD TREND

Weighted average is a calculation that considers the varying degrees of importance of the yields in an investment data set. MBOH uses the average yield for specific investment types and the par value of those same investment types to calculate the weighted average yield.

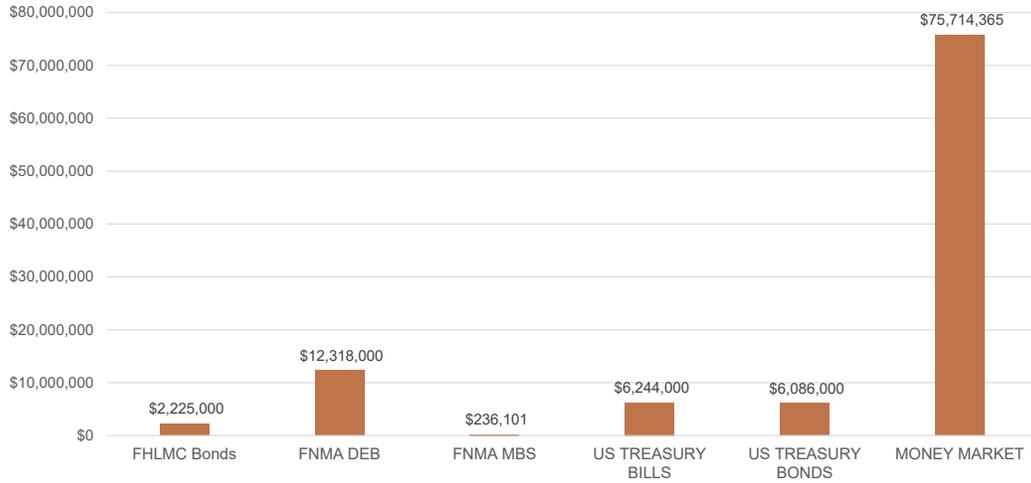
- The weighted average has improved year-to-year from 2.45% in July 2022 to 5.09% in June 2023.
- There was a month-to-month increase from 4.92% to 5.09% from May to June 2023.

PORTFOLIO MATURITY

Indicates who holds the investment securities on behalf of MBOH, the type of security, the date of maturity and the PAR value, which is the face value of the security at the time of issuance.

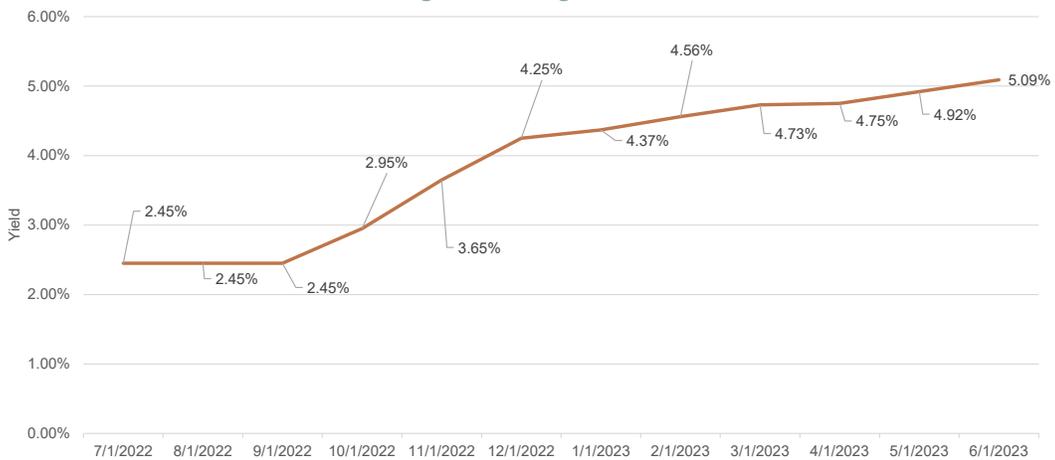
- The FNMA (Fannie Mae) MBS (Mortgage-Backed Securities) are the longest-term maturities in our portfolio and some of the highest yielding at 4.45% and 4.96%.
- Two of the Treasury Bonds were purchased several years ago at a yield of 6.48%. These will be maturing in August 2025.
- The overall total of investments at the end of June 2023 was \$102.8 million with \$75.7 million of that total in money market.

INVESTMENT DIVERSIFICATION



FNMA: Federal National Mortgage Association (Fannie)
 FHLMC: Federal Home Loan Mortgage Corporation (Freddie)

Weighted Average Yield



Finance Program Dashboard

Effective **6/30/2023**

AVAILABILITY

<u>Available Now</u>	<u>< 1 year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>> 11 years</u>	<u>Total</u>
\$ 75,714,365	\$ 7,534,000	\$ 17,114,000	\$ 2,225,000	\$ 236,101	\$ 102,823,466

Investment Maturity Schedule

Maturity Date	Trustee	Type	Par Value
12/31/2059	Wilmington Trust	WT GOLDMAN SACH	5,881,036.61
12/31/2049	US Bank Corporate Tr	US BANK MONEY M	1,858,118.82
12/31/2049	Wilmington Trust	WT GOLDMAN SACH	67,219,288.20
12/31/2048	Wilmington Trust	WT GOLDMAN SACH	755,921.38
8/1/2038	Wilmington Trust	FNMA MBS	49,216.58
8/1/2037	Wilmington Trust	FNMA MBS	32,626.95
3/1/2037	Wilmington Trust	FNMA MBS	72,751.48
7/1/2036	Wilmington Trust	FNMA MBS	14,880.06
5/1/2036	Wilmington Trust	FNMA MBS	23,631.97
2/1/2036	Wilmington Trust	FNMA MBS	42,993.72
7/15/2032	Wilmington Trust	FHLMC BOND	2,225,000.00
11/26/2027	Wilmington Trust	FNMA DEB	3,635,000.00
9/27/2027	Wilmington Trust	FNMA DEB	4,070,000.00
4/30/2026	Wilmington Trust	FNMA DEB	4,613,000.00
8/15/2025	Wilmington Trust	T-NOTES & BONDS	4,796,000.00
6/15/2024	Wilmington Trust	T-NOTES & BONDS	1,290,000.00
2/22/2024	Wilmington Trust	T-BILLS	990,000.00
8/10/2023	Wilmington Trust	T-BILLS	455,000.00
7/5/2023	US Bank Corporate Tr	T-BILLS	4,799,000.00
Total			102,823,465.77

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Approval of Bond Resolution 23-0814-SF02_2023B

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 2023A 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 August 8, 2023, we had fully reserved the 2023A issue that closed on August 3, 2023, and we had reserved \$2,064,184 of mortgages to be funded with the 2023B 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 2023B bond issue, which we anticipate closing in October.

Our current lending rates are 5.625% for first mortgages with no DPA, 5.875% for first mortgages with DPA and the set-aside rate is set at 5.375%. Set-aside loans are being funded with recycled pre-Ullman funds.

PROPOSAL

Staff requests that the Board approve the attached resolution.

RESOLUTION NO. 23-0814 SF02_2023B

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, 2023 Series A (the “2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A 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 7.0% 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 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 14th day of August, 2023.

MONTANA BOARD OF HOUSING

By _____
Chair

Attest:

By _____
Treasurer/Executive Director

HOMEOWNERSHIP PROGRAM DASHBOARD

August 7, 2023

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	5.625	5.50	5.250
Market	6.76	6.91	5.187
10 yr treasury	4.09	4.06	2.830
30 yr Fannie Mae	6.52	6.74	4.569

*Current Setaside 5.375, DPA 5.875

LOAN RESERVATIONS

	<u>July NUMBER</u>	<u>July AMOUNT</u>	<u>TOTAL NUMBER</u>	<u>TOTAL AMOUNT</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE</u>
REGULAR PROGRAM						
Series 2022C (since 5.9.23)	66	18,089,010	156	42,064,184	40,000,000	(2,064,184)
Series 2022C DPA (since 5.9.23)	30	340,620	77	1,000,000	1,000,000	0
80% Combined (20+)	1	248,800	12	2,026,035	Since July 2022	reg bond funds
SET-ASIDE PROGRAMS						
MBOH Plus	10	98,282	33	287,229	Since July 2022	1,414,311
Set-aside Pool			20	3,582,664	Since July 2022	Pre-Ullman funds
NeighborWorks	2	450,879	11	1,961,030		
CAP NWMT CLT						
Missoula HRDC XI						
Bozeman HRDC IX						
HomeStart			4	817,507		
HUD 184						
Dream Makers						
Sparrow Group			1	130,998		
City of Billings			4	673,129		
Foreclosure Prevent					50,000	50,000
Disabled Accessible					Ongoing	862,950
Lot Refi					2,000,000	726,440
FY22 Habitat					3,751,000	3,751,000
OTHER PROGRAMS						
Veterans (Orig)	2	620,500	436	87,328,371	Revolving	81,231
912 Mrtg Cr Cert (MCC)	6	1,589,500	13	3,159,706.00	62,500,000	57,753,794

LOAN PURCHASES BY LENDER

	<u>Jun-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>
1ST SECURITY BK MISSOULA 133			4	1	2	1
VALLEY BANK RONAN 159	1		1		3	
BRAVARA BANK 186			1		2	1
STOCKMAN BANK OF MT MILES 524	3	2	17	12	51	25
FIRST INTERSTATE BANK-WY 601			2	1	11	1
US BANK 617	1		1			
OPPORTUNITY BANK 700	15	5	38	18	86	44
FIRST FEDERAL BANK & TRUST 731					1	1
GLACIER BANK KALISPELL 735	3		3		17	
WESTERN SECURITY BANK 785			2	2	11	3
MANN MORTGAGE 835			13	8	80	43
GUILD MORTGAGE COMPANY 842	3	3	6	6	16	13
UNIVERSAL 843	2	1	6	3	16	11
FAIRWAY INDEPENDENT MRTG 847	2	2	14	13	24	21
CORNERSTONE HOME LENDING 850			2	2	8	6
PRIME LENDING 851	1	1	4	4	2	1
BAY EQUITY LLC 853					7	1
LENDUS LLC 854					5	1
PARAMOUNT RES MTG GRP 855			2	2	2	1
CHERRY CREEK MORTGAGE 856					1	
HOMESTAR FINANCIAL 861			1	1	1	1
HOMETOWN LENDERS 862					2	1
CROSSCOUNTRY MORTGAGE 863	2	1	8	4	5	4
GUARANTEED RATE 864			1	1		
FIRST COLONY MORTGAGE 865			2	2		
CLEARWATER FEDERAL C U 901					2	
INTREPID CREDIT UNION 903	1		8			
Grand Count	34	15	136	80	355	180

PORTFOLIO CHANGES

	June		2023 YTD		
	# loans	Princ Bal	# loans	Princ Bal	
May Balance	5,074	485,672,187.90	5,052	480,053,770.57	Dec-22
June Purchases (1st)	34	8,524,736.96	136	30,830,888.62	
June Purchases (2nd)	15	177,057.00	80	813,898.00	
June Amortization		(1,435,141.00)		(8,156,014.73)	
June Payoffs (1st)	(19)	(1,547,927.89)	(123)	(11,380,822.27)	
June Payoffs (2nd)	(1)	(8,181.54)	(33)	(178,437.17)	
June Foreclosures	(1)	(8,386.45)	(10)	(608,938.04)	
June Balance	5,102	491,374,344.98	5,102	491,374,344.98	Jun-23

JUNE PORTFOLIO SUMMARY

	# of loans	\$ of loans	% of #	% of \$	
FHA	2,645	318,181,068	51.8%	64.8%	
RD	862	88,745,863	16.9%	18.1%	
VA	330	48,171,299	6.5%	9.8%	
HUD184	37	2,480,782	0.7%	0.5%	
PMI	33	2,271,672	0.6%	0.5%	
Uninsured 1st	227	24,721,549	4.4%	5.0%	
Uninsured 2nd	968	6,802,112	19.0%	1.4%	
	5,102	\$ 491,374,345			
June 2022 Portfolio Balance	5,051	\$ 464,580,982	1.01%	5.77%	percent of Incr/Decr

Servicer	# of loans	\$ of loans	% of #	% of \$
MBOH	5,026	\$ 485,466,319	99%	99%
First Security Bozeman	3	\$ 76,904	0%	0%
First Boulder Valley Bank	1	\$ 44,417	0%	0%
Valley Bank Ronan	39	\$ 3,879,455	1%	1%
Manhattan Bank	1	\$ 81,651	0%	0%
Pioneer Federal Savings	20	\$ 733,692	0%	0%
Guild Mortgage	12	\$ 1,091,908	0%	0%
	5,102	491,374,345		

Weighted Average Interest Rate 3.916%

	# of loans	\$ of loans	
0 - 2.99%	1047	\$ 94,967,582	rates up to 4%
3 - 3.99%	1560	\$ 189,113,092	2607 \$ 284,080,674
4 - 4.99%	827	\$ 89,436,979	
5 - 5.99%	1195	\$ 93,201,447	rates 4% and above
6 - 6.99%	432	\$ 23,766,114	2495 \$ 207,293,671
7 - 7.99%	41	\$ 889,131	

RAM PROGRAM MAY ACTIVITY

<u>Loan Requests</u>	<u>Loans Outstanding</u>	<u>Life of Program</u>	<u>Avail Balance</u>
0	45	236	3,743,949.34
0	2,715,741.77	15,271,126	

DELINQUENCY AND FORECLOSURE RATES

	MONTANA BOARD OF HOUSING			MORTGAGE BANKERS ASSOC. 3/2023			(most recent available)
	<u>Jun-23</u>	<u>May-23</u>	<u>Jun-22</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>	
30 Days	1.35	1.46	1.68	1.08	1.35	1.60	
60 Days	0.82	0.75	0.69	0.35	0.44	0.52	
90 Days	<u>2.39</u>	<u>2.46</u>	<u>2.28</u>	<u>0.72</u>	<u>0.89</u>	<u>1.16</u>	
Total Delinquencies	4.56	4.67	4.65	2.15	2.68	3.28	
In Foreclosure	0.26	0.34	0.30	0.38	0.31	0.57	

Mortgage Servicing Program Dashboard

Effective 07/31/23

2023 Monthly Servicing Report

MONTH	Last Year	Last Month	This Month
	Jul-23	Jun-23	Jul-23
PORTFOLIO TOTAL LOANS	5352	5569	5608
MBOH	4989	5094	5102
BOI	298	304	304
MULTI FAMILY	16	16	16
HAF-Homeownership Assistance Fund	49	155	186
PRINCIPAL (all loans)	\$522,945,739.70	\$557,292,171.65	\$563,633,780.44
ESCROW (all loans)	\$4,722,012.68	\$4,162,779.28	\$5,010,694.39
LOSS DRAFT (all loans)	\$721,132.94	\$664,944.01	\$719,385.59
LOANS DELINQUENT (60+ days)	244	228	235
ACTUAL FORECLOSURE SALES IN MONTH	1	0	2
FORECLOSURES TOTAL CALENDAR YEAR	7	7	9
DELINQUENT CONTACTS TO MAKE	776	782	748
LATE FEES - NUMBER OF LOANS	703	757	762
LATE FEES - TOTAL AMOUNT REVENUE	\$19,595.86	\$21,058.72	\$21,464.44
PAYOFFS	49	22	21
NEW LOANS	26	77	61

HUD's National Servicing Center TRSII SFDMS Reporting

FY 2023 Q1 Final Score 93.58% - Grade A

LOSS MITIGATION	Jul-22	Jun-23	Jul-23
ACTIVE FINANCIALPACKETS	1	0	0
REPAYMENT/SPECIAL FORBEARANCE	3	2	0
COVID19 FORMAL FORBEARANCE (JUL)	93	101	76
HAMPS, PARTIAL CLAIMS & MODS PNDG	8	20	19
CHAPTER 13 BANKRUPTCIES	14	10	10
PRESERVATION PROPERTIES	7	7	7
REAL ESTATE OWNED PROPERTIES	2	0	0
SHORT SALE	0	0	0
DEED IN LIEU	0	0	0

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Cost Per Unit Waiver

BACKGROUND

Multiple developers with projects allocated Housing Credits under the 2023 Qualified Allocation Plan (QAP) have recently contacted Multifamily Program staff with concerns about total project cost escalations and the 2023 QAP's Cost Per Unit (CPU) limitations. Project cost escalations are due to a variety of factors, including cost of construction materials, supply chain delays, market interest rates, and labor shortages. Developers have communicated that they are taking appropriate steps to contain costs, such as value engineering, exploration of alternative construction methods and applying for additional fund sources or energy credit rebates. For reference, the last 5 years of QAP CPU limitations are noted below:

2024 QAP CPU \$350,000
2023 QAP CPU \$280,000 (QAP includes waiver up to \$320,000)
2022 QAP CPU \$280,000
2021 QAP CPU \$240,000
2020 QAP CPU \$235,000

STAFF RECOMMENDATION (if any)

Staff recommend the Board approve a waiver for any development funded with Housing Credits allocated under the 2023 QAP to allow these developments to adhere to the 2024 QAP CPU limitation of \$350,000.

The waiver would be requested through a justification narrative reviewed by staff. The request would also need to include a detailed cost analysis, identification of components of the project's development costs that are being impacted, along with any updated bids, supplier letters, or similar documentation related to the request. This proposal is similar to the CPU waiver that was approved by the Board on May 24, 2021, which permitted staff to waive the QAP CPU limit for projects award Housing Credits under the 2020, 2021 and 2022 QAP.

MOTION OPTION(S)

1. Move to approve the CPU waiver for projects with Housing Credits allocated under the 2023 QAP to the same CPU as the 2024 QAP.
2. No motion, proposal fails.

Board Meeting: August 14, 2023

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Combine the previously approved Multifamily Program Loan and Housing Montana Fund - Affordable Housing Revolving Loan for 15 Patrick Apartments (previously Bozeman Apartments) into a single Housing Montana Fund - Affordable Housing Revolving Loan.

BACKGROUND

The 15 Patrick Apartments project is located at 14th and Patrick in Bozeman, MT. The property will include 155 affordable new construction rental homes consisting of 67 one-bedroom units, 43 two-bedroom units, and 45 three-bedroom units. The property will serve all 155 units at 60% AMI.

Property amenities include a community room, outdoor community area with a fitness area, playground, office for management, enclosed parking, and hotspot/Wi-Fi. Unit amenities include high quality design and finishes, central heating and air conditioning, and in-unit washer/dryer.

In July 2023, the Board approved a Multifamily Program Loan of \$529,811 and a Housing Montana Fund – Affordable Housing Revolving Loan of \$499,897 in second lien position. This is a 40-year amortization, 16-year term with a 4.00% interest rate based on the income targeting proposed by the property. With the Housing Montana Fund - TANF Housing Assistance Fund account balance being transferred to the Housing Montana Fund - Affordable Housing Revolving Loan Fund account (as of result of House Bill 244 passed during the last legislative session), the Housing Montana Fund - Affordable Housing Revolving Loan Fund account will now have sufficient funds for the entire \$1,029,708 with one loan instead of two. Loan terms will remain the same.

STAFF RECOMMENDATION (if any)

Staff supports this request.

MOTION OPTION(S)

1. Move to approve combining the previously approved \$529,811 Multifamily Program Loan and Housing Montana Fund - Affordable Housing Revolving Loan of \$499,897 into one Housing Montana Fund - Affordable Housing Revolving Loan of \$1,029,708 in second position with a 40-year amortization, 16-year term and based on targeting is at a 4.00% interest rate that will close on or after 3 months of stabilized occupancy and concurrent with conventional permanent mortgage, with the staff's discretion to change loan terms.
2. No motion, proposal fails.

Board Meeting: August 14, 2023

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Parkview Apartments Resolution

BACKGROUND

The Parkview Apartments project is located at 624 5th AVE NW in Great Falls, MT. The property is a planned acquisition rehab of 84 units. These 84 housing units consist of 36 one-bedroom units, 30 two-bedroom units, and 18 three-bedroom units. This property will serve all 84 units at 60% AMI.

Property amenities include an on-site manager unit, outdoor community area, play area, basketball hoop/pad, and car plug-ins. Unit amenities include washer/dryer hookups.

This project has submitted a full application that has been reviewed and meets the requirements of the current QAP.

The developer is requesting approval of a bond resolution for a not to exceed amount of \$15,000,000 with an expected estimated bond issue of \$12,330,000. The difference being a buffer for unexpected increases during pre-development.

STAFF RECOMMENDATION (if any)

Staff supports this request.

MOTION OPTION(S)

1. Move to approve resolution 23-0814-MF08 (Parkview Apartments).
2. No motion, proposal fails.

RESOLUTION NO. 23-0814-MF 08__

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A BORROWING, AND REPAYMENT THEREOF, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000; APPROVING A FUNDING LOAN AGREEMENT, PROJECT LOAN AGREEMENT AND OTHER RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

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

WHEREAS, the Board intends to borrow on a non-recourse limited obligation basis from Berkadia Commercial Mortgage LLC (or such other financial institution as is approved by the Chair, Vice Chair or Executive Director and Treasurer) (the “Funding Lender”) an aggregate principal amount not to exceed \$15,000,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of the Parkview Apartments, an affordable housing development consisting of 84 units located in Great Falls, Montana (collectively, the “Project”); and

WHEREAS, the borrowing by the Board will be pursuant to a Funding Loan Agreement among the Board, the Funding Lender and U.S. Bank Trust Company, National Association (or such other financial institution as is approved by Borrower, Funding Lender and the Chair, Vice Chair or Executive Director and Treasurer) (the “Fiscal Agent”) (the “Funding Loan Agreement”), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue debt obligation (the “Obligation”) to be issued to the Funding Lender pursuant thereto, which will be in substantially the form included as Exhibit A, subject to the terms, conditions and limitations established herein; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the “Mortgage Loan”) to Parkview Housing Partners, LP or a similar affiliate of Vitus Development, LLC (the “Borrower”), pursuant to a Project Loan Agreement, by and between the Board and the Borrower (the “Project Loan Agreement”), which will be in substantially the form included as Exhibit B, subject to the terms, conditions and limitations established herein; and

WHEREAS, the interest on the Obligation is intended to qualify for a federal tax exemption under Section 142 of Internal Revenue Code of 1986 (the “Code”), and to ensure that the

Obligation maintains its tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), which will be in substantially the form included as Exhibit C, subject to the terms, conditions and limitations established herein.

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

Section 1. Public Hearing and Findings.

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

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

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

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

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

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

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

(vi) that if the Mortgage Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board effectuating the loan of the Obligation proceeds to the Borrower pursuant to the Project Loan Agreement, the

Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

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

Section 3. Authorization and Execution of the Obligation. The execution and delivery of the Board’s Obligation to the Funding Lender is hereby authorized and approved. The final amount and terms of the Obligation shall be determined by an Authorized Officer, consistent with the terms of the Funding Loan Agreement and subject to the following conditions. The Obligation shall not be a general obligation of the Board but shall be a limited non-recourse obligation payable solely and only from Mortgage Loan payments and any other moneys pledged under the Funding Loan Agreement by the Borrower as required by the Funding Loan Agreement. The Obligation shall mature no later than 40 years from its date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Mortgage Loan (i.e., net of fees due to the Board and any other parties), be in a principal amount not to exceed \$15,000,000, be subject to prepayment and have the other terms and provisions as described to the Board, and definitively set forth in the Funding Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Obligation shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and approved by the signatories thereto. The Obligation shall be executed in the name of the Board by the Chair or the Vice Chair of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Officer (as such term is defined in the Funding Loan Agreement) for purposes of executing and attesting the Obligation, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Obligation shall not be valid or obligatory for any purpose unless the attestation by the authorized officer of the Board shall be a manual signature or the Obligation is authenticated by the manual signature of an authorized officer of the Fiscal Agent.

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

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

Section 6. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board within the authority granted herein, with respect to the Funding Loan Agreement, the Project Loan Agreement, the Regulatory Agreement and the Obligation is hereby approved, confirmed and ratified.

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

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

Section 9. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Multifamily Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Funding Loan Agreement and the Project Loan Agreement, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes. With respect to the issuance of the Obligation 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 10. Effective Date. This Resolution shall become effective immediately.

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ADOPTED by the Montana Board of Housing this 14th day of August, 2023.

MONTANA BOARD OF HOUSING

Attest:

By _____
Sheila Rice, Chair

By _____
Cheryl Cohen, Executive Director

Parkview Apartments, Great Falls, MT
Preserving 83 Homes for Low-Income Families

Background

Vitus was formed in 1993 to preserve quality affordable homes for low-income seniors, those with disabilities, and families. Now, 30 years later, 25,000 people live in Vitus homes in 29 states and over 100 communities <https://vitus.com/properties/>. With affordable housing investments of more than \$1.4 billion, Vitus now ranks as one of the largest 50 affordable housing owners in the nation according to *Affordable Housing Finance*.

The Vitus Business Model: Public/Private Partnerships to Preserve Affordable Housing

Vitus seeks to acquire, preserve, and extend the affordability of properties under the federal Section 8 Housing Assistance Payment or HAP program. It does this by purchasing properties with capital secured from lenders and investors, preserving and/or extending HAP contracts, and performing necessary rehabilitation of projects using the proceeds of tax-exempt multifamily housing bonds and federal four percent low-income housing tax credits. Bond and tax credit proceeds are also used to repay lenders and provide a return to investors. A portion of the return provided to investors provides a source of funding for acquiring additional projects. This allows Vitus to continue to invest in and preserve desperately needed affordable housing across the country. Vitus seeks to invest an additional \$616 million by the end of 2023 to preserve an additional 2,400 homes across the country.

Vitus' Montana Presence

Vitus decided to invest in Montana and Great Falls because of the state and city commitment to preserving affordable housing and their reputation for robust public/private partnerships. Vitus seeks to expand its presence into Montana and build a long-lasting regional expertise. A key factor for expansion is the ability to secure multi-family housing bonds and low-income housing tax credit investments on a timely basis, to ensure that the Vitus business model can be sustained to preserve affordable housing units in Montana and nationally.

Local Montana Partners

Vitus seeks to create lasting local partnerships wherever it operates. Vitus has partnered with Real Estate Management Services, LLC, headquartered in Kalispell, Montana as a beginning to this effort. REMS has 30+ years of property management experience in Montana, specializing in LIHTC layering, rural development and HUD insured and subsidized properties. Additionally, the proposed General Contractor, Fredrich's Construction, seeks to extensively hire local subcontractors and suppliers from the region. It is anticipated that 50 jobs will be required for the Parkview Apartments Project.

The Vitus Commitment to be a Quality and Responsive Property Owner

Quality homes are essential to individual, family, and community well-being. Vitus is committed to the highest standards of property management, exemplary customer service, and being a good neighbor. To achieve this commitment, Vitus has partnered with Real Estate Management Services, a management company with extensive Section 8 and LIHTC experience.

The Parkview Apartments Project: Preserving Quality Homes and Quality of Life for the Vulnerable

Vitus will acquire the 83-unit Parkview Apartments Project in September 2023. Due to deferred maintenance and normal "wear and tear", it was anticipated that substantial rehabilitation of the property would need to be completed within the next 3 years both to maintain standards and sustain the viability of the Vitus business model. Vitus will renew the HAP contract for 20 years upon its acquisition, subject to federal appropriations.

Parkview Apartments was constructed in 1976. There has been no extensive rehabilitation since its original construction. As such, significant repairs are needed. Vitus has engaged Frerichs Construction to prepare rehabilitation cost estimates which total \$6.4 million.

The scope of the rehabilitation will include improvements to the general site such as general site improvements to the exterior parking, walkways, lighting, and landscape. Building exterior upgrades will include evaluating the siding and windows for repairs, replacement of entry ways, and common area ADA accommodations. The interior renovation will include items such as upgrading the plumbing fixtures with low flow fixtures, replacing lighting fixtures with high efficiency lighting, and evaluating unit flooring, appliances, and cabinets for replacement. Safety improvements will be evaluated, including exterior lighting, locks, alarms, and other security features.

With these upgrades, the project will provide housing comparable to (or better than) the quality of other housing in the market area. The rehabilitation will be completed with minor disruption to the residents. These improvements will significantly enhance energy conservation, improve operating efficiency and, most importantly, enhance resident quality of life.

Now is the time to proceed with a rehabilitation of Parkview Apartments:

- Critical improvements are necessary to enhance tenant quality of life
- This may be a window of time during which bonding authority is more available
- The uncertainty of economic conditions may require Vitus to sell the property
- A new owner may not be in a position to undertake the rehabilitation in a timely manner, affecting the quality of homes for Parkview Apartments residents and community well-being

Requests of Montana Board of Housing

Vitus respectfully requests the following:

1. Support and advance an allocation of approximately \$11.9 million of bonding authority.
2. Support Vitus' efforts to obtain a real estate tax abatement from the Montana Department of Revenue.
3. Act on a timely basis so that funding can be secured by September 2023, allowing the rehabilitation to begin this year with an estimated completion date of October 2024.

For additional information contact Samantha Cullen, Development Director via email at samantha.cullen@vitus.com or over the phone at 425-985-7043.

MARKET STUDY SUMMARY

Market Study Company:	Novogradac
Project Name:	Parkview Apartments
Project Market Area:	The Primary Market Area (PMA) for the Subject is generally defined as the cities of Great Falls, Black Eagle, Sun Prairie, Gibson Flats,

Is the project, as proposed, viable?

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

	Market Rents	% Project Rents Below	
0 bedroom			
1 bedroom	\$ 1,032	86.6%	
2 bedroom	\$ 1,227	87.4%	
3 bedroom	\$ 1,225	101.1%	
4 bedroom			
5 bedroom			

Reference page:

of all New Units Needed: Reference page:

of units needed for the targeted AMI of the project: Reference page:

Vacancy Rate: Reference page:

Months to Lease-up: Reference page:

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

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

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

Number of LI households that can afford rent of proposed project: Reference page:

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

0.8	miles to grocery store (convenience store does not count)
3.3	miles to medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.) and are one of the following:

A Project is located within 1½ miles of the specified amenity or essential service.

Public or contracted transportation (not including taxi or school bus service) is reasonably available to the specified amenity or service (i.e., the Project is located within ¼ mile of fixed bus stop or on a same day call basis) (or letter from provider committing to establish such service); or

Where applicable, the specified amenity or service is available via a no-charge delivery service to the Project Location (all distances must be as specified in the Project's market study).

All other services and distance to each.

	Other Service	Distance (mi)
1	Great Falls Fire Station 2	0.2
2	Bus Stop Route 5	0.2
3	Conoco Gas Station	0.3
4	West Side Kiwanis Park	0.3
5	Dollar Tree	0.5
6	West Elementary School	0.5
7	US Bank	0.6
8	C.M. Russell High School	0.6
9	Walgreens	0.8
10	Albertson's Grocery	0.8
11	Great Falls Police Department	1.0
13	USPS	1.0
14	Great Falls Public Library	1.1
15	Walmart	1.6
16	North Middle School	1.8
17	Benefis Medical Center	3.3
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**MARKET ANALYST SIGNED STATEMENT
(CERTIFICATION)**

Date of Physical Inspection:	2/24/2023
Market Study Company:	Novogradac
Project Name:	Parkview Apartments
Project Market Area:	The Primary Market Area (PMA) for the Subject is generally defined as the cities of Great Falls, Black Eagle, Sun Prairie, Gibson Flats,

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area on the date listed above and that information has been used in the full study of the need and demand for new rental units.

To the best of my knowledge, the market can support the demand shown in the study.

I understand that any misrepresentation of this statement may result in the denial of further participation in the Montana Board of Housing's programs.

I also affirm that I have no interest the project and have an arms-length relationship with the ownership entity and my compensation is not contingent on this project being funded."

Date:	May 15, 2023
Signatory Name:	Rachel Denton
Title:	Partner

Signature: 



AMENITIES FORM

Project Name: Parkview Apartments

All Units	Yes/No	Incremental Cost Per Unit	Benefit
Air Conditioning	No		
Carport/Garage	No		
Dishwasher	No		
Disposal	No		
Extra storage outside unit	No		
Microwave	No		
Patios or Balconies	No		
Washer/dryer hookups	Yes		
Washer/dryer in unit	No		

Project Wide	Yes/No	Incremental Cost Total	Benefit
Basketball hoop/pad	Yes	\$5,000	Existing, repairs & restripe for outdoor recreation
Car plug ins	Yes	Existing	no upgrades taking place
Community Garden	No		
Community Room	Yes		
Computer(s) for tenant use	No		
Library	No		
On site Manager	Yes	\$ 25,000.00	Typical unit upgrades, allows for better access to Residents
Outdoor community area	Yes	\$ 10,000.00	Existing, alternative outdoor gathering space
Play Area	Yes	\$ 15,000.00	Existing, alternative outdoor space for children
Hotspot/Wi-Fi	No		
Other:			

Multi Family Program Dashboard

August 14, 2023

Funds For Coal Trust, MFLP, Housing Montana Fund

Available

Coal Trust	\$52,852,195	
MFLP	\$910,776	
HMF - AHRLF	\$70,440	Assumes transfer TANF funds & Board approval of 15 Patrick combined loan
HMF - TANF	\$0	Assumes transfer TANF funds to HMF - AHRLF

Projects Underway

Program	Project	City	Year Awarded	Recipient	Status*
4%	The Manor	Hamilton	TBD	Sapphire Lutheran Homes	Under Review
4%	Parkview Village	Great Falls	2023	Vitus Development, LLC	Up for approval
4%	Baxter	Bozeman	TBD	Devco Preservation	Under Review
4%	North 3rd Apartments	Bozeman	2023	Devco Preservation	Approved in July
4%/HMF	Bozeman Apartments	Bozeman	2023	Rueter Walton Development	Approved in July
4%	Big Fork Senior	Big Fork	2023	Bigfork Senior Housing	Approved in May
4%	Union Place	Missoula	2023	Union Place Apartments LLC	Approved in April
4%	Sunshine Village	Great Falls	2023	Community Preservation Partners	Approved in March
4%	South Forty	Billings	2023	Lincoln Avenue Capital	Approved in January
9%	ANHA LIHTC #2	Crow Agency	2023	Apsaalook Nation HA	Just awarded in October
9%/ MFLP	Cabinet Affordable	Libby	2023	Cabinet Affordable Housing	Just awarded in October
9%	Carter Commons	Great Falls	2023	Carter Commons, LLLP	Just awarded in October
9%/4%	Creek Side Apartments	Missoula	2023	Homeword	Just awarded in October
9%/MFLP	Meadowlark Senior	Butte	2023	Northwest Real Estate Capital Group	Just awarded in October
9%/MFLP	Riverview Apts	Big Sky	2022	Blueline	Under Construction
9%	Bicentennial Apts	Dillon	2022	Dawson Holdings	Under Construction
9%	Baatz Block Apts	Great Falls	2022	Homeword	Rehab Planned 2023
9%	Tapestry Apts	Billings	2022	CLDI	Under Construction
9%/4%	Junegrass 4/9	Kalispell	2022	GMD/Homeward	Under Construction
9%/ARPA	Laurel Depot	Laurel	2021	GL/North Fork Dev.	Under Construction
9%/ARPA	MRM Unified Campus	Billings	2021	MT Rescue Mission	Under Construction
9%/ARPA	Jackson Court	Billings	2021	GL Development	Under Construction
9%/ARPA	AHNA LIHTC 1	Crow Agency	2021	Apsaalooke Nation HA	Closed September 2022
9%/MFLP	Creekside Commons	Kalispell	2021	Housing Solutions	Construction planned for Spring 2023
9%	Crowley Flats	Lewistown	2021	Homeword	Under Construction
4%	Comstock I, II & III	Bozeman	2022	Devco Preservation	Closed November 2022
4%/ARPA	Spruce Grove	Laurel/Bridger	2022	GL Development	Under Construction
4%	Bridger Peaks	Bozeman	2022	Devco Preservation	Under Construction
4%/ARPA	Highland Manor	Havre	2021	Echo Enterprise	Closing Spring 2023
4%	Castlebar	Bozeman	2021	Devco Preservation	Under Construction
4%/ARPA	Villagio	Missoula	2021	Blueline/Missoula HA	Under Construction
4%	Bitterroot Valley Apartments	Hamilton	2021	Summit Housing Group	Under Construction
4%/ARPA	Trinity	Missoula	2021	Blueline.Homeword/Missoula HA	Under Construction
4%	Boulevard	Bozeman	2021	HRDC/Good Housing Partners	Under Construction
4%	Darlington Miles Sherwood	Bozeman	2021	HRDC/Good Housing Partners	Under Construction

BOARD AGENDA ITEM

PROGRAM

Operations/Executive Director

BOARD MEETINGS

The next scheduled Board meeting is September 12, 2023, and will be held virtually via Zoom. **Please note this is a Tuesday meeting, versus our more typical Monday Board meeting schedule, but start time is still 8:30 am.

The October 23, 2023 Board meeting will be in-person in Helena at the Delta Colonial Hotel (for Housing Credit allocation decisions). We will also hold the Board's strategic planning session on October 24, 2023, also in-person at the Delta Colonial. Thus far, we have received firm in-person RVSPs from three Board members. By August 31, 2023, please RSVP to Cheryl Cohen and Kylee Hughes for your in-person attendance and hotel reservation needs.

BOARD TRAINING & CONFERENCE OPPORTUNITIES

- The NCSHA Annual Conference in Boston will not include full sessions for HFA Board members hosted by the National Conference of State Housing Boards (NCSHB), as it has in the past. However, NCSHB will be holding a virtual event at a date to be determined this fall. We will inform Board members when additional details about this virtual event are made available.
- 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 Kylee Hughes. The full agenda and registration are not yet available.

CONTRACTS / PROCUREMENT

- RFP for Financial/CPA services for secondary reviews of financial statements - The RFP Evaluation meeting was conducted on June 22, 2023. State Procurement Bureau and the Commerce evaluation committee are in contract negotiations with the selected vendor.
- Amendment for Jackson Murdo & Grant general legal counsel contract was sent to the Outside Legal Review Committee on July 26, 2023; we are awaiting approval before the amendment can be routed for execution.

PERSONNEL UPDATE

Angela Heffern, Assistant Accounting and Finance Manager, will be departing Montana Housing later this month for a new opportunity at the Montana Department of Transportation. We sincerely thank Angela for her 13 years of service at Montana Housing and wish her the best with her future endeavors!

BOARD AGENDA ITEM

Montana Housing is actively recruiting for:

- Assistant Accounting and Finance Manager
- Accountant I
- Community Housing Program Specialist I
- HAF Program Compliance Specialist

Please welcome the following new staff:

- Stephanie Higgins, Administrative Assistant – Stephanie graduated from Carroll College with a degree in Business Finance. She worked several years in both the banking industry and for the East Helena school district.

EMERGENCY RENTAL ASSISTANCE UPDATE

- As of August 4, 2023, we have awarded \$135.9 million in rent and utility assistance; approximately 300 applications remain under review.
- Over \$48.5 million in potentially fraudulent applicants (2,770 applications) have been flagged, isolated, and ultimately denied. The team continues to actively pursue payment returns for overpaid situations (i.e., renter moves out before the three months future rent assistance has ended).
- The backlog of applications is processed in the date order submitted, except for expedited applications for eminent evictions and utility shut offs.
- Projections indicate that we will complete the wind down of the program around the end of this month.

HOMEOWNER ASSISTANCE FUND UPDATE

- As of August 4, 2023, there have been more than 800 applications submitted to the statewide program and HAF staff have approved and paid nearly \$2.5 million in total through all statewide program areas.
- The HAF team is conducting user acceptance testing on the new HAF Home Repairs program digital application and is on target to launch this new program area in September.

COMMUNITY HOUSING UPDATE

- The Community Housing team recommended awarding federal Housing Trust Fund (HTF) to five projects and to augment funding to two previously awarded CDBG-Housing grants.
- The HTF awards depend on commitment of additional funding sources and include the Cabinet Apartments in Libby, Twin Creek Apartments in Helena, Timber Meadows in Polson, The Manor in Hamilton and Aspen Village in Helena.
- CDBG-Housing awards were made to Butte-Silver Bow for the Phoenix building rehabilitation and to Petroleum County for an affordable housing development in Winnett.

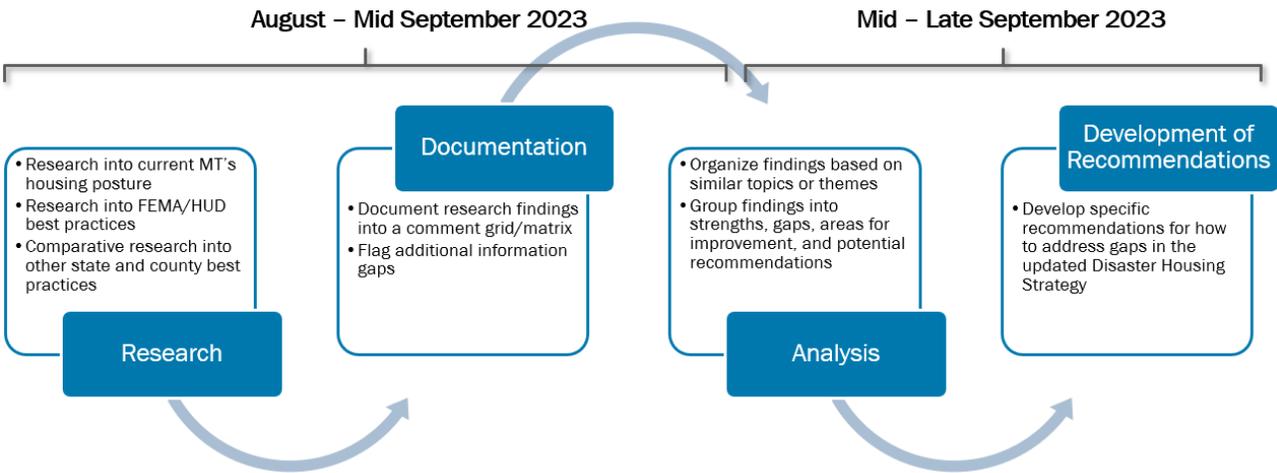
BOARD AGENDA ITEM

- Community Housing will accept applications for eligible projects under the HOME, HTF and CDBG-Housing projects (September 15, 2023 application deadline). There will be approximately \$4 million in HOME funds available and \$1.75 million in CDBG-Housing funds. In addition, we will consider forward allocating 2024 HOME and HTF funds to feasible projects (estimating approximately \$2.7 million in both HOME and HTF funds for 2024).
- Community Housing will also accept application for eligible projects under the HOME-ARP program (October 31, 2023 application deadline). This is a one-time source of funds with ~\$10.5 million to award to projects addressing homelessness for qualifying populations. We propose having the same application deadline for the Emergency Shelter Facility Grant (ESFG) program, which has ~\$5 million to grant to non-profits proposing capital improvements or expansion of shelter space.

EXECUTIVE DIRECTOR UPDATE

- FEMA / HUD Pre-Disaster Housing Planning Initiative. We are continuing to participate in this Initiative. The consultants and subject matter experts assigned to this initiative are conducting a gap analysis of historic documents we have provided for their review, including the revised 2022 Disaster Housing Strategy, Montana’s Emergency Response Framework, our Qualified Allocation Plan, 5-Year Consolidated Plan, Montana’s Resilience Framework for Communities and other resources. Below is a visual of this gap analysis process.

Gap Analysis Process



- MBOH Performance Audit. We met with Amber Robbins and Christine Rudmann on July 12, 2023 to review our alignment with NCSHA’s Recommended Best Practices in LIHTC Administration and followed up via email on July 28, 2023 with written responses to remaining questions.

BOARD AGENDA ITEM

- HUD CDBG Monitoring Visit August 7-11. Noemi Ghirghi, Director of Community Planning & Development, Region VIII and Christopher Davis, Program Manager with Community Planning & Development, Region VIII, are conducting an on-site monitoring visit of Montana’s Community Development Block Grant (CDBG) program. This monitoring visit is primarily focused on CDBG planning grants but will also cover broader requirements around methods of distribution and timely disbursements. Discussions on these requirements may have an impact on the Community Housing team’s administration of the CDBG-Housing and CDBG Housing Stabilization Programs; team members are participating in various meetings with Noemi and Chris while they are on-site.
- Master Servicer RFP. We have received comments from RBC Capital Markets, CSG Financial Advisors and Kutak Rock on the Master Servicer Request for Proposals draft. Next steps include general counsel legal review and Commerce Director’s office review for alignment with state procurement requirements. Additionally, our internal team is holding a series of five meetings this month to ensure all applicable team members are engaged in this project. These working sessions will include documenting team process questions and future due diligence questions for the selected Master Servicer. Our current timeline is to release the RFP in early September with a mid-October deadline to respond. Staff will evaluate proposals is late October to early November and will prepare a recommendation for the Board’s consideration at our November 13, 2023 Board meeting. This timeline may be adjusted given staffing transition in the accounting team.

LEGISLATION IMPLEMENTATION / ADMINISTRATIVE RULES

- Staff are continuing to work with legal counsel on Administrative Rules for HB 5, HB 244 and HB 819. Draft rules for these bills are included in the Board packet.

Bill Number	Short Title
<u>HB 5</u>	Long-range building appropriations (\$5M for emergency shelters)
<u>HB 244</u>	Revise laws governing the Housing Montana Fund
<u>HB 819</u>	Montana Community Reinvestment Act

- We are striving to align with the August 29, 2023 Secretary of State filing date, which includes the following tentative timeline. Please note that date(s) of public hearing(s) are still to-be-determined, and the hearing date is currently blank on attached draft rules:
 - August 14 – All draft rules submitted to Commerce legal (draft rules submitted July 25, 2023 and August 7, 2023)
 - August 29 – Secretary of State administrative rule filing deadline
 - September 8 – Notice of proposed rule published
 - September 28 – Public Hearing (final public hearing date(s) TBD)
 - October 6 – Final date for public comment
 - October 10 – Notice of Adoption filed
 - October 21 – Rule effective

BEFORE THE DEPARTMENT OF COMMERCE
OF THE STATE OF MONTANA

In the matter of the adoption of New) NOTICE OF PUBLIC HEARING ON
Rule I pertaining to the administration) PROPOSED ADOPTION
of the Emergency Shelter Facility)
Grant (ESFG) Program)

TO: All Concerned Persons

1. On _____, 2023, at ____:00 __.m., the Department of Commerce will hold a public hearing in Room 228 of the Park Avenue Building at 301 South Park Avenue, Helena, Montana, to consider the proposed amendment of the above-stated rules.

2. The Department of Commerce will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact Department of Commerce no later than 5:00 p.m. on _____, 2023, to advise us of the nature of the accommodation that you need. Please contact Bonnie Martello, Department of Commerce, 301 South Park Avenue, P.O. Box 200501, Helena, Montana, 59620-0501; telephone (406) 841-2596; fax (406) 841-2771; TDD (406) 841-2702; or e-mail bmartello@mt.gov.

3. The rules as proposed to be adopted provides as follows:

NEW RULE I INCORPORATION BY REFERENCE OF RULES FOR THE
ADMINISTRATION OF THE EMERGENCY SHELTER FACILITY GRANT (ESFG)
PROGRAM

(1) The Department of Commerce adopts and incorporates by reference the Program Guidelines for the Emergency Shelter Facility Grant (ESFG) Program.

(2) The rules incorporated by reference in (1) relate to the scope, standards and procedures for eligibility, application, award, administration, compliance monitoring, and related requirements for grants to nonprofit corporations that provide emergency shelter for the homeless.

(3) Copies of the regulations adopted by reference in (1) may be obtained from the Department of Commerce, Montana Housing Division, 301 South Park Avenue, P.O. Box 200528, Helena, Montana 59620-0528, or on the web site at <https://housing.mt.gov/>.

AUTH: Ch. 763, Section 17, L. 2023

IMP: Ch. 763, Sections 17 through 22, L. 2023

REASON: The proposed rule is necessary to implement and administer the Emergency Shelter Facility Grant (ESFG) program as required by HB 5 of the 2019 Legislative session.

MAR Notice No. _____

HB 5 authorized the Department of Commerce to award up to \$5 million in grants to domestic nonprofit corporations to fund acquisition, construction and capital improvements of emergency shelter facilities for homeless individuals. HB 5 requires that interested nonprofit corporations submit grant proposals to the Department. HB 5 further provides that disbursement of grant funds is subject to certain conditions and that grant awards must be prioritized based upon the extent to which applicants satisfy such conditions. HB 5 also established certain matching fund requirements and imposed a cap on the amount of funding that may be allocated to entities within any individual county.

The Department proposes adoption of New Rule I, adopting and incorporating by reference the Emergency Shelter Facility Grant Application Guidelines (“Guidelines”). The proposed Guidelines and other relevant information and resources are available for review at [HOME-ARP and ESFG on the Department's website at housing.mt.gov](#). Interested persons may comment on the Guidelines in accordance with this notice.

Adoption of the Guidelines is necessary to provide detailed information and definitions regarding application submission and content, and application scoring and award criteria. The Guidelines are necessary to specify project requirements, including activities and expenses eligible for grant funding; building and design standards; capital needs assessment and cost estimates for rehabilitation/capital improvements exceeding \$500,000; compliance standards, including Fair Housing Act standards and National Standards for the Physical Inspection of Real Estate (NSPIRE); a minimum period for which the property must remain in use as an emergency shelter in compliance with program requirements; and other related requirements. Except where inconsistent with HB 5, for purposes of uniformity and administrative efficiency, the Department proposes adoption of processes, requirements and standards already used in other Department grant and loan programs.

4. Concerned persons may submit their data, views, or arguments either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Department of Commerce, Housing Division, _____, 301 South Park Avenue, P.O. Box 200528, Helena, Montana, 59620-0528; telephone (406) _____; fax _____; or e-mail to _____, and must be received no later than 5:00 p.m., _____, 2023.

5. Bonnie Martello, Paralegal, Department of Commerce, has been designated to preside over and conduct this hearing.

6. The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or

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delivered to the contact person in 4 above or may be made by completing a request form at any rules hearing held by the department.

7. The bill sponsor contact requirements of [2-4-302](#), MCA, apply and have been fulfilled. The primary bill sponsor, Representative Mike Hopkins, was contacted on _____, 2023, by e-mail at mike.hopkins@mtleg.gov and mikeformontana@gmail.com.

8. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.

AMY BARNES
Rule Reviewer

SCOTT OSTERMAN
Director
Department of Commerce

Certified to the Secretary of State _____, 2023.

MAR Notice No. _____

BEFORE THE DEPARTMENT OF COMMERCE
OF THE STATE OF MONTANA

In the matter of amendment of ARM)	NOTICE OF PUBLIC HEARING ON
8.111.501 , 8.111.502 , 8.111.503 ,)	PROPOSED AMENDMENT AND
8.111.505 , 8.111.506 , 8.111.802 ,)	REPEAL
8.111.803 , 8.111.804 , 8.111.805 and)	
8.111.806 ; and repeal of 8.111.508)	
through 8.111.510 and 8.111.512)	
through 8.111.515 pertaining to the)	
Board of Housing Temporary)	
Assistance to Needy Families (TANF))	
and Coal Trust Multifamily Homes)	
Loan Programs)	

TO: All Concerned Persons

1. On _____, 2023, at ____:00 __.m., the Department of Commerce will hold a public hearing in Room 228 of the Park Avenue Building at 301 South Park Avenue, Helena, Montana, to consider the proposed amendment of the above-stated rules.

2. The Department of Commerce will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact Department of Commerce no later than 5:00 p.m. on _____, 2023, to advise us of the nature of the accommodation that you need. Please contact Bonnie Martello, Board of Housing, Department of Commerce, 301 South Park Avenue, P.O. Box 200501, Helena, Montana, 59620-0501; telephone (406) 841-2596; fax (406) 841-2771; TDD (406) 841-2702; or e-mail bmartello@mt.gov.

3. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

8.111.501 PURPOSE OF REGULATIONS

(1) These rules are enacted by the board to provide explanation and guidance for:

(a) loans from the housing Montana fund loan account authorized by [90-6-133\(2\)\(a\)](#) and [90-6-134](#), MCA, pursuant to the criteria and procedures described in ARM [8.111.503](#) through [8.111.507](#); and

(b) ~~loans from the TANF program of the affordable housing revolving loan account authorized by [90-6-133\(2\)\(b\)](#), MCA, pursuant to the criteria and procedures described in ARM [8.111.508](#) through [8.111.515](#).~~

AUTH: [90-6-136](#), MCA

IMP: [90-6-133](#) [as amended by Ch. 577, Sec. 1, L. 2023], [90-6-134](#), MCA

MAR Notice No. _____

REASON: The proposed amendments are necessary to remove the reference to the Temporary Assistance to Needy Families (TANF) loan program. House Bill 244, Ch. 577, Sec. 1, L. 2023, amended 90-6-133, MCA to remove the statutory authority for the TANF loan program implemented by the rule.

8.111.502 DEFINITIONS

When used in these rules, unless the context clearly requires a different meaning:

(1) "Application" means the Montana Board of Housing Loan Process published by the board, a copy of which may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov.

(2) "Board" means the Montana Board of Housing created by [2-15-1814](#), MCA.

~~(2) "Caretaker relative" means an adult relative of a minor child related by blood, marriage or adoption within the fifth degree of kinship.~~

~~(3) "Federal poverty guidelines" means the poverty guidelines updated annually in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).~~

~~(4) "Housing assistance organization" means any local government, tribal government, local housing authority, nonprofit community or neighborhood based organization, or regional or statewide nonprofit housing assistance organization with experience in providing assistance to low and moderate income households with housing issues.~~

~~(5) "Loan supplement" means the loan supplement to the uniform application published by the board, a copy of which may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov.~~

~~(6) and (7) remain the same but are renumbered as (3) and (4).~~

~~(8) (5) "Rural area" means any area a distance of at least five miles from an incorporated city or town with a population in excess of 15,000 according to the latest estimate published by the United States Census Bureau within the state that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula.~~

~~(9) (6) "Small city or town" means an incorporated city or town with a population of less than 15,000 according to the latest estimate published by the United States Census Bureau any city or town within the state that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula.~~

~~(10) "TANF allocation" means an allocation extended by the board to a housing assistance organization regarding TANF loans to eligible recipients, and described in ARM [8.111.508](#) through [8.111.510](#).~~

~~(11) "TANF loan" means a loan to an eligible recipient by the board from a TANF allocation of a housing assistance organization authorized by [90-6-133\(2\)\(b\)](#), MCA, under the temporary assistance for needy families block grant pursuant to Title IV of the Social Security Act, 42 U.S.C. 601, et seq., and described in ARM [8.111.512](#) through [8.111.515](#).~~

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(12) "~~Uniform application~~" means ~~the Montana Board of Housing Uniform Application published by the board, a copy of which may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov.~~

AUTH: [90-6-136](#), MCA

IMP: [90-6-133](#) [as amended by Ch. 577, Sec. 1, L. 2023], [90-6-134](#), MCA

REASON: The proposed amendments are necessary to remove the definitions in current rule subsections (2) through (4), (10) and (11), which define terms relating to and used in TANF loan program rules. House Bill 244, Ch. 577, Sec. 1, L. 2023, amended 90-6-133, MCA to remove the statutory authority for the TANF loan program implemented by the rule.

Proposed new subsection (1) and the removal of subsections (5) and (12) are necessary to revise the references to the loan application process and forms used and required by the board for the Housing Montana Fund (HMF) multifamily loan program. The proposed amendments replace references to the uniform loan application and supplement with references to the board's Loan Process which will apply to the board's various multifamily loan programs. The board's Loan Process includes loan application forms, checklist, process descriptions and fee schedules.

The proposed amendments to current rule subsections (8) and (9) are necessary to specify the definitions of "rural area" and "small city or town" applicable to HMF loans for preconstruction technical assistance under 8.111.503. For consistency and uniformity, the board is proposing definitions of these terms consistent with definitions used in the Housing Credit program.

8.111.503 HMF LOAN ELIGIBLE LOAN ACTIVITIES

(1) through (1)(f) remain the same.

(2) An HMF loan may not be made that will supplant replace existing or available funding for eligible activities.

AUTH: [90-6-136](#), MCA

IMP: [90-6-134](#), MCA

REASON: The proposed amendments are necessary to conform the rule language to the implemented statutory language ("replace") to avoid potential unintended connotations from the word "supplant." The proposed amendment is intended to complement proposed amendments in 8.111.505(2)(b) and 8.111.506(3) implementing the statutory prohibition on using HMF funds to replace existing or available funding.

8.111.505 HMF LOAN APPLICATION PROCEDURES

(1) An application must be submitted ~~using the board's uniform application and loan supplement.~~

(2) At the time the application is submitted, an applicant must also submit:

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(a) remains the same.

(b) an explanation of how the loan will not ~~supplant~~ replace existing or available funding for the project, including a detailed description of the public benefit obtained from program funding, including construction phase funding, if applicable, compared to funding from other existing and available funding sources with substantially similar terms and conditions; and

(c) a description of the priority the lien of the board will have in relationship with the liens of other lenders on the project; ~~and,~~

~~(d) a fee of 1 percent of the requested loan amount.~~

~~(3) Applications will be reviewed by staff designated by the board and presented to the board for consideration as soon as the review is completed, but not later than 90 days following receipt of a complete application by the board.~~

~~(4) (3) Applications that are substantially incomplete shall~~ will not be processed but will be returned to the applicant.

(4) Applicants must demonstrate project development progress through submission of quarterly progress reports from the time of preliminary loan application approval through loan closing. Quarterly progress reports must be submitted in accordance with the requirements of and using the quarterly report form for the Housing Credit program. Copies of the housing credit quarterly report form and requirements may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov.

AUTH: [90-6-136](#), MCA

IMP: [90-6-134](#), MCA

REASON: The proposed amendments to subsections (1), (2)(d) and (3) are necessary to revise the references to the loan application process and forms used and required by the board for the Housing Montana Fund (HMF) multifamily loan program. In addition, the amendments are necessary to remove fee and review process provisions that are addressed in the board's Loan Process referenced in 8.111.502, which will apply to the board's various multifamily loan programs and includes loan application forms, checklist, process descriptions and fee schedules.

The proposed amendments in subsection (2)(b) are necessary to conform the rule language to the implemented statutory language ("replace") to avoid potential unintended connotations from the word "supplant." In addition, these proposed amendments are necessary to require that applicants submit application information sufficient to allow MBOH to assure compliance with the prohibition on replacement of existing or available funding sources.

Proposed new subsection (4) is necessary to establish project progress and progress reporting requirements to assure that projects receiving preliminary loan application approval and corresponding reservations of available HMF loan funds are pursued diligently to loan closing. These requirements are also necessary to prevent submission of applications that would tie up loan fund reservations for projects that are not being pursued or completed diligently.

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8.111.506 HMF LOAN TERMS AND CONDITIONS

(1) An HMF loan shall:

(a) remains the same.

(b) have an amortization period not to exceed 40 years and a term not to exceed 30 years, both as approved by the board based upon the loan amount, additional project funding sources and obligations, and other relevant factors;

(c) through (e) remain the same.

(2) As a condition of the loan, the project owner must commit to income targeting and maximum rent requirements and restrictions and related transfer, compliance and enforcement restrictions, through execution and recording of a regulatory agreement establishing such provisions as covenants running with the project property for the longer of thirty years or the duration of the loan obligation. The board may waive such requirement if the project is subject to a substantially similar agreement in favor of the board under the Housing Credit or another board loan program.

(3) The board may approve HMF loans:

(a) to provide permanent financing, with loan closing and disbursement occurring after completion of construction and 3 months of stabilized occupancy; or

(b) on a case by case basis, to provide financing prior to completion of construction, where the applicant demonstrates and the board finds additional public benefit from such financing compared to funding from other existing and available funding sources with substantially similar terms and conditions, such as but not limited to allowing project financial feasibility or providing for an increased number of affordable housing units. As a condition of approving such pre-construction financing, the board may require additional security, risk management measures, and other loan terms, including but not limited to additional collateral and third party construction and disbursement monitoring obtained or provided and paid for by the borrower, investor or other lender.

AUTH: [90-6-136](#), MCA

IMP: [90-6-133](#) [as amended by Ch. 577, Sec. 1, L. 2023], [90-6-134](#), MCA

REASON: The proposed amendments to subsection (1)(b) are necessary to specify the maximum loan amortization period applicable to setting loan repayment terms. The maximum 40-year amortization is long enough to allow flexibility in structuring project financing to facilitate project feasibility while still requiring sufficient payment levels to return program funds to the board for use in supporting other housing developments. The proposed rule establishes maximum loan amortization and payment periods, but the specific periods will be determined by the board for each loan based the loan amount, additional project funding sources and obligations, and other relevant factors.

Proposed new subsection (2) is necessary to require restrictive covenants that assure projects funded with HMF loans meet long term affordability requirements and therefore continue to benefit low- and moderate-income residents for a substantial period of years.

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Proposed new subsection (3) is necessary to specify under what conditions HMF loans will be made for financing, including loan closing and disbursement, prior to completion of construction. These provisions are necessary to assure that HMF funds are not used to replace other existing or available finding sources.

8.111.802 DEFINITIONS

When used in these rules, unless the context clearly requires a different meaning:

(1) "Application" means the Montana Board of Housing ~~Uniform Application, Loan Supplement, or any more current application forms published by the board~~ Loan Process published by the board, a copy of which may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov.

(2) through (7) remain the same.

AUTH: [90-6-136](#), MCA [as amended by Ch. 774, Sections 16 and 17, L. 2023]

IMP: [17-6-308](#), [90-6-137](#), MCA

REASON: The proposed amendments are necessary to revise the references to the loan application process and forms used and required by the board for the Coal Trust Multifamily Homes (CTMH) multifamily loan program. The proposed amendments replace references to the uniform loan application and supplement with references to the board's Loan Process which will apply to the board's various multifamily loan programs. The board's Loan Process includes loan application forms, checklist, process descriptions and fee schedules.

8.111.803 CTMH LOAN ELIGIBLE LOAN ACTIVITIES

(1) The board may make a CTMH loan ~~to meet the basic housing needs of for the development and preservation of multifamily rental housing projects that provide housing for low-income or moderate-income households and for the following purposes:~~

(a) development and construction of multifamily rental housing projects;

(b) acquisition and/or rehabilitation of existing multifamily rental housing projects for the purpose of preservation of or conversion to housing for low-income or moderate-income households; ~~or~~

(c) remains the same.

(d) development or preservation of mobile home parks as defined in 70-33-102; or

(e) other purposes authorized in 90-6-137 which the board determines are consistent with CTMH loan program objectives, requirements, and which provide sufficient assurances of repayment of coal trust funds.

(2) A CTMH loan may not be used to replace existing or available sources of funding for eligible loan activities.

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(3) Property Projects funded with a CTMH loan is must be subject to property taxes, except those projects located on tribal lands.

AUTH: [90-6-136](#), MCA

IMP: [17-6-308](#), [90-6-137](#), MCA [as amended by Ch. 774, Sections 16 and 17, L. 2023]

REASON: The proposed amendments are necessary to implement changes to the CTMH program enacted by the 2023 Legislature in House Bill 819, Ch. 774, Section 17, L. 2023. Proposed new subsection (1)(d) is necessary to implement new statutory language enacted in HB 819 authorizing CTMH loans for the development or preservation of mobile home parks as defined in 70-33-103. The proposed amendments to current subsection (3) are necessary to implement new statutory language exempting projects located on tribal lands from the requirement to pay property taxes. The other amendments are necessary to conform the rule to the authorized loan purposes and requirements specified in 90-6-137 and 90-6-134.

8.111.804 CTMH LOAN APPLICANT ELIGIBILITY

(1) remains the same.

~~(2) The applicant must document to the satisfaction of the board experience in the development or management of housing for low-income or moderate-income households. Criteria considered by the board include, but are not limited to:~~

- ~~(a) number of years' experience in development or management of housing for low-income and/or moderate-income households;~~
- ~~(b) number of housing developments and units developed or managed;~~
- ~~(c) involvement in other low-income and moderate-income housing programs of the board, federal agencies, and tribal and local governments; and~~
- ~~(d) successful completion of other housing development projects.~~

AUTH: [90-6-136](#), MCA

IMP: [17-6-308](#), [90-6-137](#), MCA [as amended by Ch. 774, Sections 16 and 17, L. 2023]

REASON: The proposed amendments are necessary to remove the language of subsection (2), which duplicates language in current 8.111.807 and is therefore unnecessary.

8.111.805 CTMH LOAN APPLICATION PROCEDURES

(1) remains the same.

(2) At the time the application is submitted, an applicant must also submit:

- (a) remains the same.
- (b) an explanation of how the loan will not supplant replace existing or available funding for the project, including a detailed description of the public benefit obtained from program funding, including construction phase funding, if applicable, compared to funding from other existing and available funding sources with substantially similar terms and conditions; and

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~~(c) a maximum fee of 1% of the requested loan amount, which may be adjusted based on project details by board staff for mobile home park projects, documentation of lot rents for comparable mobile home parks in the market area and an explanation demonstrating that proposed lot rents will be reasonable and affordable for prospective residents.~~

~~(3) Applications will be reviewed by staff designated by the board and presented to the board for consideration as soon as the review is completed, but not later than 90 days following receipt of a complete application by the board.~~

~~(4) Applications that are substantially incomplete as determined by the board staff shall will not be processed but will be returned to the applicant.~~

(4) Applicants must demonstrate project development progress through submission of quarterly progress reports from the time of preliminary loan application approval through loan closing. Quarterly progress reports must be submitted in accordance with the requirements of and using the quarterly report form for the Housing Credit program. Copies of the housing credit quarterly report form and requirements may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov.

AUTH: [90-6-136](#), MCA

IMP: [17-6-308](#), [90-6-137](#), MCA [as amended by Ch. 774, Sections 16 and 17, L. 2023]

REASON: The proposed amendments in subsection (2)(b) are necessary to conform the rule language to the implemented statutory language (“replace”) to avoid potential unintended connotations from the word “supplant.” In addition, these proposed amendments are necessary to require that applicants submit application information sufficient to allow MBOH to assure compliance with the prohibition on replacement of existing or available funding sources.

The amendments to subsection (2)(c) are necessary to implement the language of HB 819 authorizing CTMH loans for the development or preservation of mobile home parks as defined in 70-33-103. The proposed rule specifies application requirements applicable to mobile home park loan applications and lot rents. The proposed rule requires that a mobile home park loan applicant submit information showing rent levels charged in comparable mobile home parks in the market area and an explanation demonstrating that proposed lot rents are reasonable and affordable for prospective tenants. The board will use this information, together with other information available to the board, to determine maximum lot rents applicable to project tenants in accordance with proposed 8.111.806.

The proposed amendments in subsections (2)(c) and (3) are necessary to remove fee and process provisions that are addressed in the board’s Loan Process referenced in 8.111.502. Through the “application” definition in 8.111.802, the proposed amendments replace references to the uniform loan application and supplement with references to the board’s Loan Process which will apply to the

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board's various multifamily loan programs and includes loan application forms, checklist, process descriptions and fee schedules.

Proposed new subsection (4) is necessary to establish project progress and progress reporting requirements to assure that projects receiving preliminary loan application approval and corresponding reservations of available Coal Trust loan funds are pursued diligently to loan closing. These requirements are also necessary to prevent submission of applications that would tie up loan fund reservations for projects that are not being pursued or completed diligently.

8.111.806 CTMH LOAN TERMS AND CONDITIONS

(1) A CTMH loan shall:

(a) remains the same.

(b) have an amortization period not to exceed 40 years and a term not to exceed 30 years, both as approved by the board based upon the loan amount, additional project funding sources and obligations, and other relevant factors;

(c) bear interest at an annual rate of at least 0.5% less than the interest rate charged for a loan funded by the Housing Montana Fund as outlined in ARM [8.111.506](#);

(d) be subject to a late charge of 4% of the monthly payment due for each monthly payment that is not made within 15 days of its due date;

(e) (d) be secured by a first priority lien (perfected either by a mortgage or a trust indenture) against on the real project property benefited by the loan; and

(f) (e) be in first lien position, will not exceed 95% of total development cost, and may be a loan participation or pari passu loan as long as it minimizes the risk of the CTMH program.

(2) The board and the CTMH loan recipient must each pay half of the loan servicing fees as determined by the board.

(3) A CTMH loan shall bear interest at an annual rate equal to .0625% plus the Average Coal Trust Investment Performance rate effective as of preliminary loan application submission, or at the Average Coal Trust Investment Performance rate effective within 30 days before loan closing, if such later effective rate is at least 1/8 of a percent lower than the rate effective at preliminary loan application submission. For purposes of this rule, the Average Coal Trust Investment Performance rate is such rate determined by the Board of Investments and posted on its website at [https://investmentmt.com/ shared/LoanPrograms/Rates/In-State-Rate-Sheet-MCHP.pdf](https://investmentmt.com/shared/LoanPrograms/Rates/In-State-Rate-Sheet-MCHP.pdf).

(4) At least 75% of the project units or lots must be targeted to residents at or below 95% of area median income.

(5) Maximum rents must apply to project units or lots.

(a) For projects consisting of mobile home parks, land trusts, or land for mobile or manufactured homes, maximum rents must be reasonable and affordable to prospective residents, as determined by the board based upon the documentation and explanation submitted by the applicant and other relevant information obtained by the board.

(b) For other projects, maximum rents will be calculated according to income targeting standards applicable to the Housing Credit program. Copies of the income

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targeting standards for the Housing Credit program may be obtained by contacting the board by mail at P.O. Box 200528, Helena, Montana 59620-0528, by telephone at (406) 841-2840, or at the board's web site www.housing.mt.gov.

(c) As a condition of the loan, the project owner must commit to the income targeting and maximum rent requirements and restrictions in accordance with (3) and (4), and related transfer, compliance and enforcement restrictions, through execution and recording of a regulatory agreement establishing such provisions as covenants running with the project property for the longer of thirty years or the duration of the loan obligation. The board may waive such requirement if the project is subject to a substantially similar agreement in favor of the board under the Housing Credit or another board loan program.

(6) The board may approve CTMH loans:

(a) to provide permanent financing, with loan closing and disbursement occurring after completion of construction and 3 months of stabilized occupancy; or

(b) on a case by case basis, to provide financing prior to completion of construction, where the applicant demonstrates and the board finds additional public benefit from such financing compared to funding from other existing and available funding sources with substantially similar terms and conditions, such as but not limited to allowing project financial feasibility or providing for an increased number of affordable housing units. As a condition of approving such pre-construction financing, the board may require additional security, risk management measures, and other loan terms, including but not limited to additional collateral and third party construction and disbursement monitoring obtained or provided and paid for by borrower, investor or other lender.

AUTH: 90-6-136, MCA

IMP: 17-6-308, 90-6-137, MCA [as amended by Ch. 774, Sections 16 and 17, L. 2023]

REASON: The proposed amendments to subsection (1)(b) are necessary to specify the maximum loan amortization period applicable to setting loan repayment terms. The maximum 40-year amortization is long enough to allow flexibility in structuring project financing to facilitate project feasibility while still requiring sufficient payment levels to return program funds to the board for use in supporting other housing developments. The proposed rule establishes maximum loan amortization and payment periods, but the specific periods will be determined by the board for each loan based on the loan amount, additional project funding sources and obligations, and other relevant factors.

Proposed subsections (4) and (5) are necessary to specify income targeting and rent restriction requirements for projects receiving CTMH loans and to require restrictive covenants that assure projects funded with HMF loans meet such affordability requirements on a long-term basis. These requirements are necessary to assure that CTMH-funded projects continue to benefit low- and moderate-income residents for a substantial period of years.

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The proposed amendments to subsection (1)(c) and new subsection (3) are necessary to implement the statutory changes in the required CTMH interest rate enacted in HB 819. HB 819 revised the CTMH interest rate requirements to tie interest rates to coal trust fund investment performance rather than to HMF loan program rates. HB 819 sets a minimum interest rate for individual loans and a minimum average rate for all loans combined.

The board proposes to set loan interest rates at the sum of .06215% and the Average Coal Trust Investment Performance rate determined and published by the Board of Investments and effective as of preliminary loan application submission or, if at least 1/8 of a percent lower, the Average Coal Trust Investment Performance rate effective within 30 days of loan closing. Setting this component of the interest rate at – rather than 0.5% below - the Average Coal Trust Investment Performance rate assures that loan interest rates will meet the minimum average rate for all loans combined.

The additional .0625% interest above the Average Coal Trust Investment Performance rate is necessary to implement the requirement in 90-6-137(3)(b)(iv), MCA that the loan recipient pay half of loan servicing fees. The Board of Housing Servicing fee is .125% of the loan amount. Section 90-6-137(2) authorizes the Board of Housing to use interest received on a loan to pay its one-half share of servicing fees and for reasonable costs of program administration. The Board's share of servicing fees and administrative expenses are deducted from interest received and the balance of interest received is returned to the coal tax trust fund.

The proposed amendments to current subsection (1)(f) are necessary to remove provisions allowing CTMH loans to be in the form of a loan participation or to share first priority lien status with another loan. These provisions have not been applied and are unnecessary for the administration of the loan program.

Proposed new subsection (6) is necessary to specify under what conditions CTMH loans will be made for financing, including loan closing and disbursement, prior to completion of construction. These provisions are necessary to assure that CTMH funds are not used to replace other existing or available finding sources.

4. The following rules are proposed to be repealed:

8.111.508 TANF ALLOCATION ELIGIBLE PURPOSES

AUTH: [90-6-136](#), MCA

IMP: [90-6-133](#), [90-6-134](#), MCA

REASON: The repeal of ARM [8.11.508](#) is necessary because House Bill 244, Ch. 577, L. 2023, removed the statutory authority in 90-6-133 for the TANF loan program implemented by the rule.

8.111.509 TANF ALLOCATION ELIGIBILITY

MAR Notice No. _____

AUTH: [90-6-136](#), MCA
IMP: [90-6-133](#), [90-6-134](#), MCA

REASON: The repeal of ARM [8.11.508](#) is necessary because House Bill 244, Ch. 577, L. 2023, removed the statutory authority in 90-6-133 for the TANF loan program implemented by the rule.

8.111.510 TANF ALLOCATION APPLICATION PROCEDURE

AUTH: [90-6-136](#), MCA
IMP: [90-6-133](#), [90-6-134](#), MCA

REASON: The repeal of ARM [8.11.508](#) is necessary because House Bill 244, Ch. 577, L. 2023, removed the statutory authority in 90-6-133 for the TANF loan program implemented by the rule.

8.111.512 TANF LOAN ELIGIBILITY

AUTH: [90-6-136](#), MCA
IMP: [90-6-133](#), [90-6-134](#), MCA

REASON: The repeal of ARM [8.11.508](#) is necessary because House Bill 244, Ch. 577, L. 2023, removed the statutory authority in 90-6-133 for the TANF loan program implemented by the rule.

8.111.513 TANF LOAN TERMS AND CONDITIONS

AUTH: [90-6-136](#), MCA
IMP: [90-6-133](#), [90-6-134](#), MCA

REASON: The repeal of ARM [8.11.508](#) is necessary because House Bill 244, Ch. 577, L. 2023, removed the statutory authority in 90-6-133 for the TANF loan program implemented by the rule.

8.111.514 TANF LOAN APPLICATION PROCEDURES

AUTH: [90-6-136](#), MCA
IMP: [90-6-133](#), [90-6-134](#), MCA

REASON: The repeal of ARM [8.11.508](#) is necessary because House Bill 244, Ch. 577, L. 2023, removed the statutory authority in 90-6-133 for the TANF loan program implemented by the rule.

8.111.515 RESPONSIBILITIES OF TANF LOAN HOUSING ASSISTANCE ORGANIZATION

MAR Notice No. _____

AUTH: [90-6-136](#), MCA
IMP: [90-6-133](#), [90-6-134](#), MCA

REASON: The repeal of ARM [8.11.508](#) is necessary because House Bill 244, Ch. 577, L. 2023, removed the statutory authority in 90-6-133 for the TANF loan program implemented by the rule.

5. Concerned persons may submit their data, views, or arguments either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Board of Housing, Multifamily Program Manager, 301 South Park Avenue, P.O. Box 200528, Helena, Montana, 59620-0528; telephone (406) 841-2845; fax (406) 841-2048; or e-mail to Jason.Hanson@mt.gov, and must be received no later than 5:00 p.m., _____, 2023.

6. Bonnie Martello, Paralegal, Department of Commerce, has been designated to preside over and conduct this hearing.

7. The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 4 above or may be made by completing a request form at any rules hearing held by the department.

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

9. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.

AMY BARNES
Rule Reviewer

SCOTT OSTERMAN
Director
Department of Commerce

Certified to the Secretary of State _____, 2023.

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