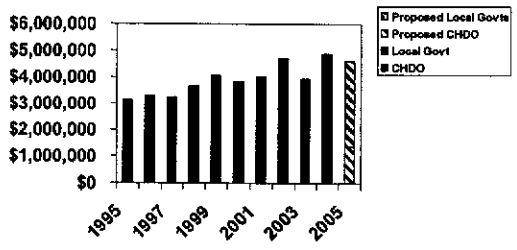
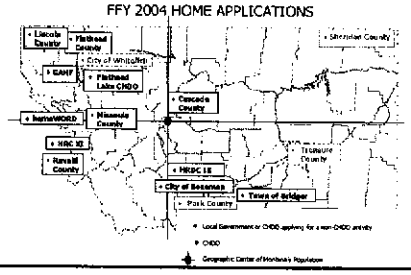
EXHIBIT 15
DATE 01/10/05
HB 2

HOME Investment Partnerships



HOME Investment Partnerships

FFY 2004 HOME APPLICATIONS



Board of Housing (1975)

- ✓ 7 member Board appointed by the Governor
- ✓ Issue Tax Exempt Bonds to purchase single and multifamily mortgages
- ✓ Operate other Federally funded programs

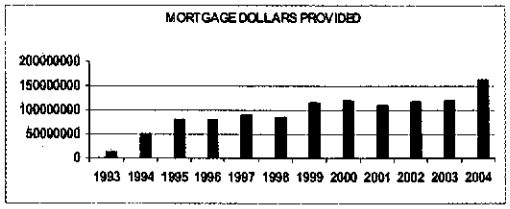
Board of Housing Programs Single Family

- Bond Programs
  - Mortgage Credit Certificate Program
  - Board Regular Program
  - Recycled Program
  - Disabled Accessible
- Bonds are backed by mortgages only, no state or federal backing or liability.
- Mortgages are insured to gain lowest mortgage rate and to have a minimum down payment for the borrower (3% or less)
  - Federal Housing Administration Insured
  - Rural Development Guaranteed
  - Veteran Administration Guaranteed

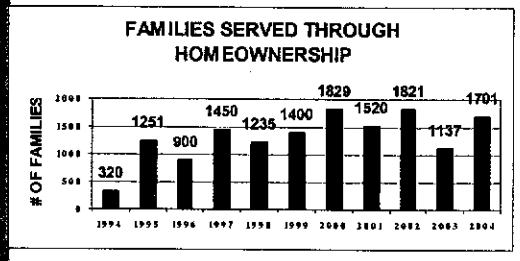
Board of Housing Programs Single Family

- Funding (no general fund appropriations)
  - Bond Programs
    - Montana receives authority to issue tax exempt debt from the federal government each year
    - The Board issues tax exempt mortgage revenue bonds
    - The Board uses the proceeds from these bonds to purchase mortgages from financial institutions around the state
    - As mortgages payoff the bonds are paid off
    - An interest rate spread is charged to cover administrative costs. This spread is limited by the Federal Government.
    - If any income is earned, federal law requires that it be used for other housing activities or rebated back to the IRS.

Single Family Production



Single Family Production



Board of Housing Programs Multifamily

- ✓ Permanent Financing - Bond Programs
  - Risk Share (HUD insurance program)
  - General Obligation
- ✓ Affordable Housing Revolving Loan Account
- ✓ Low Income Housing Tax Credits
  - Creates low income rental housing
  - Montana receives authority to award federal tax credits.
  - Credits generate approximately $15 million of equity
    - Program can be used for
      - New Construction, Acquisition with Rehabilitation or Rehabilitation
    - Ineligible Activities
      - 4 units or less occupied by owner or relative
      - Retirement homes with significant services
      - Nursing Homes or Life Care
      - Dormitories or Trailer Parks

Board of Housing Programs Multifamily

- ✓ Funding (no general fund appropriations)
  - ✓ Permanent Financing - Bond Programs
    - Same process as Single Family Programs
  - ✓ Affordable Housing Revolving Loan Account
    - ✓ One time Federal Home Loan Bank grant of $1,500,000 that was loaned to 7 preservation housing project in Montana
    - ✓ Transfer of $500,000 of Section 8 reserve funds that was loaned to 2 housing projects.
    - ✓ Allocation of $700,000 of Temporary Assistance to Needy Families (TANF) funds
  - ✓ Low Income Housing Tax Credits
    - The Board receives authority to award federal tax credits annually
    - The Board awards credits to eligible housing projects annually
    - The Credits are taken as a federal tax credit on the project owners federal tax return
    - IRS allows Board to charge a fee to housing projects to operate the program