

MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT Montana Board of Housing For the Two Fiscal Years Ended June 30, 2012

NOVEMBER 2012

11-07B

REPORT SUMMARY

In fiscal year 2012, the Montana Board of Housing (board) purchased a total of 281 mortgage loans with an average loan amount of \$128,303 to borrowers whose average income was \$45,988. The board maintains a portfolio of loans that have a low rate of default and potential foreclosure.

Context

There are seven members of the board that are appointed by the Governor. The board provides policy direction to the agency staff, authorizes bond issues, approves development financing and evaluates Board of Housing programs. These programs include the Single Family Program, Recycled Single Family Program, Multifamily Loan Programs, Low Income Housing Tax Credit Program and the Reverse Annuity Mortgage (RAM) Program.

Under the Housing Act the board does not receive appropriations from the State's General Fund and is completely self-supporting. Substantially all of the funds for the board's operations and programs are provided by the private sector through the sale of tax-exempt bonds.

In fiscal year 2012, the board issued \$58 million in bonds and \$50 million of bond escrow proceeds were redeemed. Low Income Tax Credits totaling \$2.8 million were allocated providing approximately \$21 million of equity to produce or preserve 165 units of affordable rental housing. Between 2011 and 2012, mortgages decreased by \$80 million due to the board's limited ability to purchase new mortgages and

many existing borrower's refinancing loans due to low interest rates.

In fiscal year 2011, the board purchased 251 single family mortgages for \$33 million. Low Income Tax Credits totaling \$2.6 million were allocated providing approximately \$20 million of equity to produce or preserve 164 units of affordable rental housing. In total, the board retired \$142 million of bond debt while bond debt outstanding decreased from \$878 million to \$777 million.

Results

Our audit report did not contain any recommendations to the board.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report (11-07B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>

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