

MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
WEST VIRGINIA HOUSING DEVELOPMENT FUND  
September 27, 2018

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Thursday, September 27, 2018, at the office of the West Virginia Housing Development Fund, 5710 MacCorkle Avenue, SE, Charleston, West Virginia. The Chair called the meeting to order at 1:31 p.m. with the following members present throughout, except where noted:

Ann Urling, Chair  
Norman Bailey, Representative for the Honorable Kent Leonhardt,  
Commissioner of Agriculture  
David Gardner, Member  
Sam Kapourales, Member (via phone)  
Mary Skeens, Member  
Josh Stowers, Representative for the Honorable John Perdue, Treasurer  
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General (via phone)

**Members Absent:**

John Gianola, Member  
Bob Nistendirk, Member

**Staff present:**

Erica Boggess, Executive Director  
Josh Brown, Senior Manager, Asset Management  
Cathy Colby, Senior Manager - HOME  
Julie Davis, Deputy Director – Production  
George Gannon, Communications Administrator  
Lauren Hunter, Loan Processor and Closer  
Bret Jones, Credit and Risk Analyst  
Darlene King, Multifamily Programs Administrator  
Chad Leport, Division Manager - Accounting and Finance  
Martha Lilly, Legal Assistant  
Jill Martin, Executive Assistant  
Kelley Ridling, Senior Manager - Internal Audit  
Jon Rogers, Senior Division Manager - Single Family Lending

Kristin Shaffer, Senior Legal Counsel  
Patti Shamblin, Division Manager - Single Family Lending  
Nathan Testman, Senior Division Manager – Multifamily Lending  
Crystal Toney, Deputy Director – Administration  
Taran Wolford, Senior Manager - Human Resources  
Dorothy White, Federal Compliance Officer

Others Present:

Rob Adams, Brown Edwards  
Anthony Carpenter, Brown Edwards  
Michael Fisher, Jackson Kelly PLLC  
Kelley Goes, Jackson Kelly PLLC  
Staunton Gorrell, Brown Edwards

Erica Boggess informed the Board that staff has been celebrating and promoting the Fund's 50th Anniversary. Ms. Boggess stated a plaque was presented to the Fund at a housing conference held last week by the Federation of Appalachian Enterprises, a non-profit consortium group. Ms. Boggess stated that the Fund was also the 2018 inductee to the West Virginia Affordable Housing Hall of Fame and presented an award at the West Virginia Housing Conference.

APPROVAL OF THE MINUTES OF THE AUGUST 23,  
2018 MEETING

Member David Gardner moved the approval of the minutes of the August 23, 2018 meeting. His motion was seconded by Representative Josh Stowers, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
AUGUST 31, 2018

Chad Leport reviewed the financial statements for the period ended August 31, 2018. The financials were accepted as presented.

Mr. Leport stated that the Audit Committee met prior to the Board Meeting to review and accept the Fiscal Year 2018 Audited Financial Statements. Mr. Leport presented the 2018 Audited Financials to the Board. Mr. Leport stated that the Fund received an unmodified opinion on those financials and informed the Board that the Auditors were in attendance to answer any questions

the Board may have. Mr. Leport reported that the Audit Committee accepted the Audit and recommends that the Board approve the Audit as submitted.

Representative Stowers moved to accept the Audit Committee's recommendation to approve the 2018 Audited Financials as presented. His motion was seconded by Member Gardner, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

CONSIDERATION OF BOND INDUCEMENT  
RESOLUTION FOR CONDUIT FINANCING OF UP TO  
\$7,500,000 IN BONDS FOR THE REHABILITATION OF  
BROOKPARK PLACE

Ms. Julie Davis explained that the Fund has been asked to serve as the conduit bond issuer on behalf of Brookpark Place, LLC, a West Virginia limited partnership (the "Borrower"), to acquire and rehabilitate Brookpark Place, an affordable housing facility for seniors consisting of 152 units, located at 1290 National Road, Ohio County, Wheeling, West Virginia. The property supports the Fund's mission of providing affordable housing with an affordability being at or below 60% Area Median Income for approximately 129 of the 152 units upon completion of the project.

Ms. Davis stated the project was approved by the Board for Inducement and final bond resolutions at previous Board Meetings in 2017. Ms. Davis stated that when the current owners were unable to go forward with the transaction, they decided to sell the property. The anticipated new owner is Brookpark Place, LLC, which is an affiliate of Heritage Housing, Inc. Heritage Housing was a consultant on the previous transaction. Heritage Housing anticipates purchasing the property in October.

As a conduit issuer, the Fund will provide access to the tax-exempt bond market. The proceeds from the sale of the bonds, along with 4% Low-Income Housing Tax Credits, will provide the funding for the redevelopment of this property. Ms. Davis informed the Board that there was one correction to the terms outlined in the Board packet, the Borrower as not yet been approved for the Tax Credits but has applied. The bonds will not be a general or moral obligation debt of the Fund nor does the Fund have any obligation to repay the debt in the event of a default. The bonds are to be secured solely by the revenues of the project and a mortgage loan on the property and/or a form of credit enhancement. The project is responsible for repayment for the debt as well as other ongoing bond responsibilities. The bonds will be issued in the name of the Fund and any default by the borrower would name the Fund, but a default will not affect the Fund's ratings.

Ms. Davis further explained that the aggregate amount of the bond issue is not expected to exceed \$7,500,000 and it will require the use of Bond Volume Cap. The amount of the bonds will

count against the \$1.25 billion maximum amount of the bonds the Fund may have outstanding at any given time, and the Fund has sufficient Bond Volume Cap to meet this request while considering its direct financing needs. The Fund will earn a financing fee of 20 basis points of the issuance amount and all costs of issuance will be paid by the Borrower.

Ms. Davis recommended approval of the Inducement Resolution for the Brookpark Place project subject to the terms and conditions as presented. Ms. Davis stated if approved, staff and the financing team will begin the preliminary steps of the financing transaction and staff will return to the Board for final approval of the final bond authorizing resolution before any bonds are issued.

Member Gardner moved the approval of the Bond Inducement Resolution for Brookpark Place, LLC as presented. His motion was seconded by Representative Stowers, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

A copy of the Bond Inducement Resolution is attached as Exhibit A.

CONSIDERATION OF MULTIFAMILY PROGRAM  
CONSTRUCTION LOAN AND PERMANENT LOAN TO  
HOPE TOWNHOUSES

Nathan Testman presented loan requests from East End Development LP, for the Hope Townhouses project. Mr. Testman stated the requests are for a multifamily program construction and permanent loan and Tax Credit Assistance Program Funds (TCAP) funds.

Mr. Testman stated Hope Townhouses is a new 16-unit Low Income Housing Tax Credit Program (LIHTC) project located at 1320 Second Avenue, Kanawha County, Charleston West Virginia. The LIHTC units will target families with incomes that are at or below 60% of Area Median Income. Mr. Testman stated that in addition, eight of the units will have project-based rental assistance through the Charleston-Kanawha Housing Authority and those units will be targeted for homeless victims of domestic violence and/or homeless veterans with children.

Mr. Testman informed the Board that the primary developers of this project are the Sadd Brothers. The Sadd Brothers have been involved with the development of multiple LIHTC projects and staff has a very high level of confidence in their ability to deliver on the proposed project. Mr. Testman stated this project is the second of three projects the Sadd Brothers were awarded in the 2017 LIHTC program year.

Mr. Testman stated that an item of note with this project is that a portion of the site is in the flood zone, which requires the project to raise the site a minimum of 2-feet above the flood

elevation level. Once that is done, the property can request for a Letter of Map Amendment, which will officially remove the site from flood zone.

Mr. Testman stated that another item to note is that this project is scheduled to receive TCAP funds as part of the financing. The TCAP program is a federal housing grant program administered by HUD that was originally designed to assist troubled LIHTC deals during the great recession. During this time many LIHTC deals struggled to find investors and the TCAP program provided supplemental funds to make the projects feasible. The Fund allocated WV's allotment of TCAP funds and now has program income that has been repaid to the Fund over the years to use as a soft-source of funds.

Mr. Testman stated the first request from staff is for a revolving construction loan of up to \$2,600,000 with the interest rate being the variable of Wall Street Journal Prime. The loan origination fee will be 1% with a loan term of 24 months, converting to its permanent phase at the earlier of (1) 24 months or (2) property stabilization when all investor equity has been received to pay the loan balance down to its permanent level. The loan will be secured by a first lien deed of trust and personal guarantees of the Saad Brothers as well as corporate guarantees of several entities.

Mr. Testman stated the second request is for a permanent loan of up to \$375,000 with a fixed rate of 5.5%. The loan origination fee will be 1% with a 30-year amortization and 20-year balloon maturity. The collateral will continue to be a first lien deed of trust on the land and improvements but also the borrowers operating and replacement reserve accounts. During the permanent loan period, the Fund will have limited non-resource guarantees for the corporate ownership.

Mr. Testman stated the third request is for TCAP funds of up to \$300,000 with a fixed rate of 0% and a loan origination fee of 1%. The term of the TCAP loan is 20 years which will be repaid on the cash flow contingency basis. The lien will be secured by a second lien deed of trust behind the Fund's first lien and during construction will have the personal guarantees of the Sadds and the corporate guarantees of several ownership entities.

Mr. Testman stated staff is recommending the approval of all three loans. Each recommendation is listed separately.

The first recommendation is for a construction loan of up to \$2,600,000 subject to the satisfactory receipt and review of the executed syndication agreement prior to closing and satisfactory receipt and review of conditional Letter of Map Amendment (LOMA) approval.

The second request is for permanent loan of up to \$365,000 subject to the receipt of a Certificate of Occupancy, final inspection approval and receipt of equity to pay down the construction loan to its permanent level.

The third recommendation is approval of TCAP funds of up to \$300,000 subject to receipt and review of the executed syndication agreement prior to closing and satisfactory receipt and review of conditional LOMA approval.

Member Gardner moved to approve recommendation number one, the construction loan of up to \$2,600,000 subject to the following conditions, satisfactory receipt and review of the executed syndication agreement prior to closing and satisfactory receipt and review of conditional LOMA approval. His motion was seconded by Representative Norman Bailey, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

Member Gardner moved to approve recommendation number two, the permanent loan of up to \$375,000 subject to the following conditions, certificate of occupancy and receipt of equity to pay down of the construction loan to the permanent level. His motion was seconded by Representative Bailey, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

Member Gardner moved to approve recommendation number three, TCAP funds of up to \$300,000 subject to the following conditions; satisfactory review and receipt of the executed syndicated agreement and satisfactory receipt and review of conditional LOMA approval. His motion was seconded by Representative Bailey, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

A copy of the Executive Summary for the above project is attached as Exhibit B.

CONSIDERATION OF HOME CHDO PROGRAM LOAN  
TO SOUTHSIDE SQUARE

Mr. Testman presented a request for an increased loan amount to a HOME Program CHDO loan to Fairmont Community Development Partnership, Inc. for the Southside Square project in Belington, Barbour County, West Virginia. Mr. Testman stated that the Southside Square project involves the new construction of a four-unit multifamily residential rental facility.

Mr. Testman stated the project was originally approved by the Board in September of 2017, but the project stalled due to title issues. The project is now ready to move forward however, the construction bids were higher than anticipated, primarily due to costs associated with site preparation.

Mr. Testman informed the Board that the increased costs creates the need for a loan increase from \$720,000 to not to exceed \$783,000. Mr. Testman stated that other than the loan amount, no other changes to the loan terms are being proposed, and the loan proposal is still in compliance with all HOME Program guidelines.

Mr. Testman stated staff is recommending approval to increase the loan amount from \$720,000 to not to exceed \$783,000.

Member Gardner moved to approve the recommendation of the HOME CHDO loan increase to Fairmont Community Development Partnership, Inc. subject to the execution of a written agreement and that the borrower shall not authorize or permit any construction or other activity that may give rise to a mechanic's lien prior to the execution of the written agreement. His motion was seconded by Representative Bailey, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

A copy of the Executive Summary for the above project is attached as Exhibit C.

CONSIDERATION OF ADDITIONAL ALLOCATION OF  
FUNDING FOR THE DOWN PAYMENT ASSISTANCE  
PROGRAM

Crystal Toney informed the board that at the June Board meeting staff presented funding allocations for the fiscal year 2019. Those funding allocations are an estimate of what cash requirements are for the coming year. Ms. Toney stated that one of the programs included in that allocation is the Down Payment and Closing Cost Program. This is a program that keeps the Fund's single family loan program competitive and makes homeownership possible for borrowers who struggle to make a down payment when they are purchasing a home. This loan currently offers a 15-year 2% fixed rate of up to \$10,000. During the first quarter of fiscal year 2019 there was an increase in single family lending activities which indicates we are spending the down payment and closing costs funds at a rate of almost 40% higher than staff anticipated. Ms. Toney stated staff is requesting the reallocation of \$2 million from the Bond Insurance Fund to fund additional down payment and closing cost loans.

Representative Stowers moved to approve the reallocation of \$2 million from the Bond Insurance Fund to the down payment and closing cost program. His motion was seconded by Member Gardner, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

#### HUD SECTION 8 CONFLICT OF INTEREST

Kristin Shaffer informed the Board that as part of the services the Fund provides to Section 8 properties under an Annual Contributions Contract (ACC) with the United States Department of Housing and Urban Development (HUD), the Fund is prohibited from entering into any contract, subcontract, or other arrangement in connection with contract administration under the ACC in which any covered individual or entities has any direct or indirect interest (including the interest of any immediate family member), which such person is a covered individual or entity or during one year thereafter.


Ms. Shaffer indicated that to meet this requirement, staff is requesting the Board review the list of covered projects, sign the Conflict of Interest form located in the Board Packet and return to the Fund.

#### EXECUTIVE SESSION

Member Gardner moved that the Board enter Executive Session to discuss matters involving an official investigation pursuant to W. Va. Code § 6-9A-4(b)(7). His motion was seconded by Representative Bailey, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted. The Board adjourned into Executive Session at 2:04 p.m.

The Executive Session concluded at 2:23 p.m. Chair Urling stated that no action took place during the Executive Session.

There being no further business, Member Gardner moved to adjourn the meeting. His motion was seconded by Representative Stowers. Meeting adjourned at 2:23 p.m.

  
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Martha Lilly, Assistant Secretary

## WEST VIRGINIA HOUSING DEVELOPMENT FUND

BOND INDUCEMENT RESOLUTIONRESOLUTION PRELIMINARILY AUTHORIZING THE  
ISSUANCE OF NOT TO EXCEED \$7,500,000 AGGREGATE  
PRINCIPAL AMOUNT OF THE ISSUER'S REVENUE BONDS

WHEREAS, the West Virginia Housing Development Fund, a public body corporate and governmental instrumentality of the State of West Virginia (the "Issuer"), under Chapter 31, Article 18 of the Code of West Virginia, 1931, as amended (the "Act"), has plenary power and authority to finance and refinance residential housing projects by making loans to others to provide funds for the refinancing, acquisition, construction and improvement of such residential housing projects and to issue revenue bonds for the purpose of defraying the costs of refinancing, acquiring, constructing and improving such projects;

WHEREAS, Brookpark Place, LLC, a West Virginia limited liability company (the "Borrower"), has requested that the Issuer assist the Borrower in financing the acquisition and improvement of a 152-unit affordable residential rental project for seniors known as Brookpark Place, located at 1290 National Road, Wheeling, West Virginia (the "Property"), and the payment of certain costs and expenses related thereto (collectively, the "Project") (A detailed description of the Property and Project is attached as Exhibit A.);

WHEREAS, the Borrower has requested that the Issuer issue its revenue bonds in an aggregate principal amount not to exceed \$7,500,000 (the "Bonds") pursuant to an indenture, financing agreement or other like document (the "Indenture"), between the Issuer and a trustee, fiscal agent or other like entity named therein (the "Trustee"), such Bonds to be secured by such Indenture, and the proceeds of such Bonds to be used by the Issuer for the purpose of providing funds to finance costs of the Project;

WHEREAS, the Borrower has requested that the Issuer lend the proceeds of the Bonds to the Borrower pursuant to a financing agreement, loan agreement or other like document (the "Financing Agreement"), among the Issuer, the Borrower and the Trustee;

WHEREAS, the financing of the Project by the Issuer will promote and assist the Borrower to provide affordable housing to the citizens of West Virginia, and the financing of the Project is a public purpose of the Issuer under the Act;

WHEREAS, it is intended that this Resolution shall constitute a “bond resolution or some other official action” in respect of the issuance of the Bonds for the Project and related reimbursement purposes under the income tax regulations promulgated by the United States Treasury Department (the “Regulations”) under the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, the Bonds, together with the interest thereon, shall be secured by revenues of the Project, a mortgage loan on the Property and/or a form of credit enhancement, and under no circumstances will the Bonds be payable from funds of the Issuer; and

WHEREAS, it is now necessary to provide for the preparation of the Indenture, the Financing Agreement and other documents with respect to the issuance and sale of the Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE WEST VIRGINIA HOUSING DEVELOPMENT FUND, AS FOLLOWS:

1. It is hereby found and determined, subject to a public hearing to be held prior to issuance of the Bonds, that proceeding with the financing of the Project for the Borrower is a public purpose of the Issuer and is in the public interest.

2. The Issuer hereby determines it intends to issue, pursuant to the Act, the Bonds, if so requested by the Borrower, in an aggregate principal amount to be agreed upon by the Issuer and the Borrower, not to exceed \$7,500,000, and to finance qualifying costs of the Project (which may include reimbursing the Borrower for the acquisition of and the making of certain improvements to the Property), such Bonds to be secured by and payable from revenues of the Project, a mortgage loan on the Property and/or a form of credit enhancement (such as cash collateral, a mortgage-backed security of a government-sponsored enterprise, such as Fannie Mae, or a credit facility), and which Bonds may be additionally secured by such instruments as the Borrower and the Issuer shall agree.

3. The Bonds shall bear such dates, mature at such time or times, bear interest at such rate or rates and contain such other terms and provisions as shall be determined by subsequent action of the Issuer and approved by the Borrower. The Bonds shall be limited obligations of the Issuer, and it is expressly provided that any and all Bonds and the interest thereon, as may be so issued, shall in no way constitute or become an indebtedness of the Issuer or the State of West Virginia and shall never give rise to any pecuniary liability of the Issuer or the State of West Virginia. The Bonds shall be secured by and payable from revenues of the Project, a

mortgage loan on the Property and/or a form of credit enhancement, and shall not be a general obligation or moral obligation of the Issuer or in any way secured by any assets of the Issuer other than pursuant to the Indenture and the Financing Agreement and the Issuer's rights thereunder.

4. The Project shall be owned by the Borrower and financed pursuant to the Financing Agreement, the terms of which are to be mutually agreed upon by the Borrower and the Issuer, and which shall provide that the Borrower will be obligated to repay the loan made to the Borrower by the Issuer under the Financing Agreement and to pay a loan financing fee payable to the Issuer, the charges of the Trustee and certain other expenses under the Indenture.

5. Such rulings, approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to the Issuer and to the Borrower as to such matters with respect to the Bonds and the tax exemption of interest thereon for federal income tax purposes and the tax exemption thereof and income thereon for State of West Virginia and local tax purposes, the Indenture, the Financing Agreement, any credit enhancement documents and other necessary documents as shall be specified by the Issuer and the Borrower shall have been obtained from such governmental and nongovernmental agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto and to the Project and shall be in full force and effect at the time of the issuance of the Bonds.

6. This Resolution is an affirmative declaration of official intent of the Issuer toward the issuance of the Bonds as contemplated herein in accordance with the purposes of the laws of the State of West Virginia, the Code and the Regulations, and it is understood that the Borrower may rely upon this Resolution in commencing with the Project and providing temporary financing therefor. The Issuer reasonably expects, as of the date hereof, to timely reimburse the Borrower for certain costs of the Project paid or incurred by the Borrower prior to the issuance of the Bonds with the proceeds of the Bonds, the interest on which will be exempt from federal income tax. However, the Issuer's ability to actually issue the Bonds is subject to satisfying the conditions in Paragraphs numbered 4. and 5. herein.

7. The law firm of Hawkins Delafield & Wood LLP, New York, New York, is hereby appointed bond counsel in connection with the issuance and sale of the Bonds, and said firm is hereby authorized and directed to act in such capacity in the preparation of the Indenture, the Financing Agreement and other documents necessary for the authorization, issuance and sale of said Bonds, subject to submission of all such documents to the designated

attorney for the Issuer. The fees and charges of said firm and the designated attorney for the Issuer shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

8. Jackson Kelly PLLC ("General Counsel") is hereby appointed as general counsel to the Issuer in connection with the issuance and sale of the Bonds. The fees and charges of said General Counsel shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

9. Piper Jaffray & Co. (the "Financial Advisor") is hereby appointed as financial advisor to the Issuer in connection with the issuance and sale of the Bonds. The fees and charges of said Financial Advisor shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

10. The members of the board of directors of the Issuer, the officers and employees of the Issuer and the Issuer itself shall not have any expense, financial liability or financial obligation of any kind in connection with the Bonds except as shall be reimbursed by the Borrower.

11. The Borrower is responsible for (i) all rebate calculations and rebate obligations in respect of the Bonds under the Code and the Regulations, (ii) compliance with all other provisions of the Code and the Regulations applicable to the Bonds and the Project and (iii) compliance with all secondary market reporting obligations in respect of the Bonds, if any.

12. This Resolution shall become effective immediately.

Adopted this 27th day of September, 2018.

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Chairman, Board of Directors  
West Virginia Housing Development Fund

Adopted this 27th day of September, 2018.

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Executive Director  
West Virginia Housing Development Fund



MEMORANDUM

TO: Members of the Board of Directors

FROM: Erica L. Boggess, Executive Director ✓  
Julie W. Davis, Deputy Director - Production ✓  
Nathan E. Testman, Senior Division Manager - Multifamily Lending NET

DATE: September 27, 2018

SUBJECT: Multifamily Loan Program  
Hope Townhouses, Charleston, Kanawha County  
Construction Loan up to \$2,600,000 (Revolving)  
Permanent Loan up to \$375,000  
TCAP Loan up to \$300,000

This memorandum outlines a proposal the West Virginia Housing Development Fund (the "Fund") has received for the new construction and permanent loan financing of Hope Townhouses (the "Project"), a sixteen (16) unit Low-Income Housing Tax Credit Program (LIHTC:P) project in Charleston, WV.

Development: The proposed development site is approximately 0.82 acres located at 1320 Second Avenue in Charleston, Kanawha County. The Project will consist of four (4) two-story buildings, containing a total of sixteen (16) units. There will be six (6) two-bedroom units and ten (10) three-bedroom units. Of the total units, four (4) are designated for tenants with income at or below 40% of Area Median Income ("AMI") and twelve (12) units are designated for tenants with income at or below 60% of AMI. Eight of the units will receive project-based rental assistance through the Charleston-Kanawha Housing Authority ("CKHA") and will target homeless victims of domestic violence and/or homeless veterans with children. The Project is anticipated to be complete in the Fall of 2019.

A summary of the unit configuration and rent structure is shown below:

| Unit Description | % AMI | # of Units | Square Footage of Units | Monthly Tenant Paid Rent/Annual Total | Tenant Paid Utility Allowance | Gross Tenant Paid Rent | IRS Rent Restriction (Maximum) |
|------------------|-------|------------|-------------------------|---------------------------------------|-------------------------------|------------------------|--------------------------------|
| 2 Bedrooms       | 60%   | 6          | 800                     | \$442                                 | \$265                         | \$707                  | \$786                          |
| 3 Bedrooms       | 60%   | 2          | 1,000                   | \$483                                 | \$334                         | \$817                  | \$908                          |
| 3 Bedrooms       | 60%   | 4          | 1,000                   | \$754                                 | \$334                         | \$1,088                | \$908                          |
| 3 Bedrooms       | 40%   | 4          | 1,000                   | \$754                                 | \$334                         | \$1,088                | \$605                          |
| Total            |       | 16         | 14,800                  | \$115,800                             |                               |                        |                                |

Market: A market feasibility analysis was completed by Bowen National Research on May 26, 2017 for the Project. The Primary Market Area (PMA) includes all of Charleston and Dunbar, as well as portions of South Charleston and some of the surrounding areas of unincorporated Kanawha County. The analysis notes strong demand for the Project as evidenced by the following:

- There are three existing LIHTC properties in the PMA that are 100% occupied, and two of the three have wait lists. This has created pent-up demand for general occupancy LIHTC housing in the PMA. The development of the Project will help meet a portion of said demand.
- The proposed rents will be marketable, as they will be among the lowest priced LIHTC units targeting similar income levels, and the Project's design elements compare favorably to other projects in the PMA.
- The proposed two-bedroom units of 800 square feet and the three-bedroom units of 1,000 square feet will be among the largest of the comparable LIHTC properties.
- The Project will contribute to revitalization efforts within the immediate site neighborhood.

The West Virginia Statewide Housing Needs Assessment completed by Vogt Santer Insights for the Fund in 2014 supports the need for more affordable units available to families in Kanawha County. The Potential "Un-Met" Housing need for qualified family renter households in the target market for 41% - 60% AMI was 2,684 and for 0%-50% AMI was 5,419 in 2014. These figures support the 2017 market analysis conclusions.

Project Summary: a summary of Hope Townhouses is shown below:

| Project Summary |                                      |   |
|-----------------|--------------------------------------|---|
| A.              | Occupancy Type:                      | Low-Income  |
| B.              | Building Type:                       | Townhouse   |
| C.              | Type of Construction:                | New Construction  |
| D.              | Foundation:                          | Poured Concrete Slab  |
| E.              | Structural System:                   | Frame   |
| F.              | Floor Finish:                        | Vinyl   |
| G.              | Exterior Finish:                     | Wood and Masonry  |
| H.              | Number of Units:                     | 16  |
| I.              | Number of Buildings:                 | 4   |
| J.              | Number of Stories in Bldg.           | 2   |
| K.              | Exact Area (Acreage) of Site:        | 0.82 acres  |
| L.              | Number of Parking Spaces:            | 24  |
| M.              | Gross Floor Area of Buildings:       | 14,800 square feet  |
| N.              | Apartment Distribution:              | 6 two-bedroom, 10 three-bedroom   |
| O.              | Unit Equipment:                      | Electric Range, Refrigerator, Dishwasher, Central Air Conditioning, Vinyl Plank Flooring, Window Blinds, Ceiling Fan, In-Unit Washer/Dryer Appliances |
| P.              | Utilities Included in Contract Rent: | Sewer and Trash   |
| Q.              | Utilities Paid by Tenant:            | Electric, Cable, and Phone  |
| R.              | Construction Period:                 | 12 months   |
| S.              | WVHDF Permanent Loan:                | 30-year amortization with a 30-year fixed rate, with a 20-year balloon maturity   |

Total Development Costs: Total development costs and costs per square foot are estimated to be as follows:

| Development Costs     | Amount       | Per Unit  | %      |
|-----------------------|--------------|-----------|--------|
| Predevelopment Costs  | \$ 125,135   | \$7,821   | 3.63%  |
| Acquisition Costs     | \$ 160,000   | \$10,000  | 4.65%  |
| Construction Costs    | \$ 2,275,765 | \$142,235 | 66.09% |
| Soft & Carrying Costs | \$ 882,296   | \$55,144  | 25.62% |
| Total                 | \$ 3,443,196 | \$215,200 | 100%   |

| Development Costs/Square Foot | Square Feet  |
|-------------------------------|--------------|
| Residential Units             | 14,800       |
| Other                         | 0            |
| Total                         | 14,800       |
|                               |              |
| Total Cost                    | \$ 2,275,765 |
| Total Cost Per Square Foot    | \$ 154       |

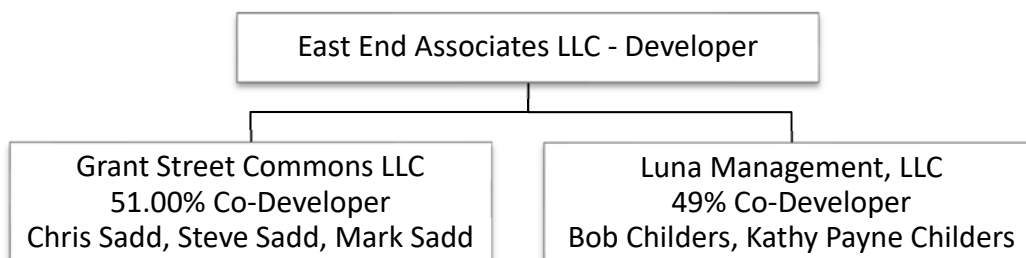
The Project's construction costs per square foot are displayed above. Predevelopment, acquisition, and soft and carrying costs are not included as they are typically not associated with this measure. If such costs were included in the calculation, the "all in" cost per square foot is \$233.

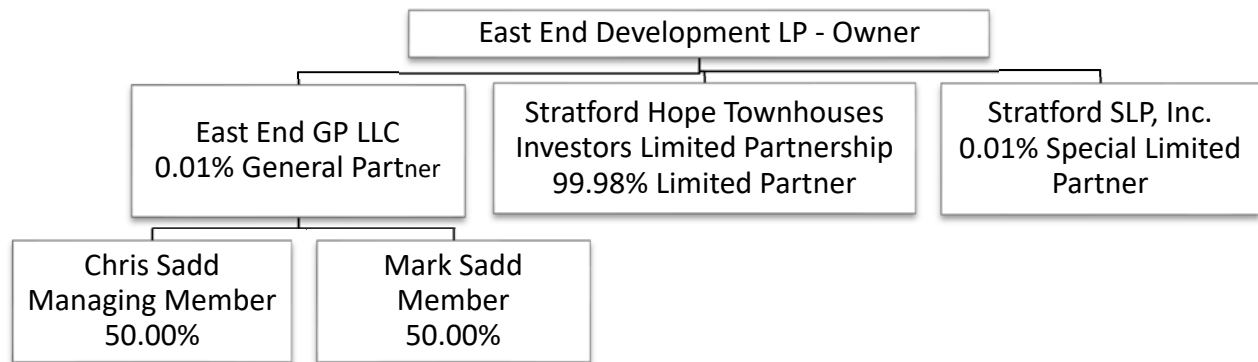
The total development costs for the Project are \$3,443,196. Project costs have been analyzed by the Fund's technical services staff to ensure the costs are reasonable given the scope of work for the Project and that the costs are within the limits of the LIHTCP.

Owner/Borrower/Developer: East End Development LP, an entity created for the sole purpose of this development, is the owner and Borrower for the Project. East End Development LP is owned by East End GP LLC, its general partner (0.01%), and two (2) limited partners – Stratford Hope Townhouses Investors Limited Partnership (99.98%) and Stratford SLP, Inc. (0.01%) – both of which are 100% owned by the Syndicator/Investor group. East End GP LLC is owned equally by Chris Sadd (50%) and Mark Sadd (50%).

The primary developer for the Project is East End Associates LLC, an entity owned by Grant Street Commons LLC (51%) and Luna Management, LLC (49%). Grant Street Commons is owned and controlled by Chris, Steve, and Mark Sadd ("Sadd Brothers"). The Sadd Brothers are experienced developers with a mission to develop new housing for lower income populations that is comparable to new market rate housing and have been involved in the development of multiple LIHTCP real estate projects in West Virginia.

Please refer to the Developer Ownership Chart below and the Property Ownership Chart on the following page for more detailed information.





Lending Limit: The Fund included all outstanding loans and pending commitments to entities related to the Sadd Brothers in determining whether the proposed loans will exceed the Fund's lending limit to the developer. As of August 31, 2018, entities related to the Sadd brothers have two (2) existing loans with the Fund and three pending commitments. Pursuant to the Multifamily Lending Policy, only a portion of the loan balances are added to the Sadd Brothers' aggregate risk exposure based on a variety of factors that affect the Fund's overall risk to this developer. The aggregate total including the proposed request for a construction loan of up to \$2,000,000 and pending commitments is \$7,612,000, which is below the Fund's current maximum risk exposure limit of \$17,255,800.

Guarantor Evaluation: The construction loan will include personal guarantees of Chris Sadd, Mark Sadd and Steve Sadd and corporate guarantees of East End GP LLC, East End Associates LLC and Grant Street Commons LLC. The combined financial condition of the guarantors is strong and includes a sufficient amount of liquidity, high levels of net worth compared to project costs, substantial personal salaries, and a relatively low amount of personal and corporate liabilities. The permanent loan will include the corporate guarantee of East End GP LLC. Limited non-recourse guarantees of corporate owners may also be required for the permanent loan.

Development Team:

|            |  |
|------------|--|
| Architect: | Aric Margolis<br>Aric Margolis Architecture<br>602 Virginia Street, E., Suite 102<br>Charleston, WV 25301    |
| Attorney:  | David Hammond<br>Lewis, Glasser, Casey & Rollins PC<br>300 Summers Street, Suite 700<br>Charleston, WV 25301 |

Contractor: Dave Hobba  
Dave Hobba Builder  
108 Custer Ridge Road  
Buffalo, WV 25033

Management Agent: Noah Richmond  
TM Associates, Inc.  
1375 Piccard Drive, Suite 150  
Rockville, MD 20850

Tax Credit Syndicator: The tax credit syndicator for the Project is Stratford Capital, who will provide an equity investment into the Project in an estimated amount of \$2,847,000. Since 2007, Stratford Capital has successfully underwritten, sponsored and syndicated private equity in 192 multifamily rental apartment properties totaling approximately 22,495 apartment units in 33 states with a capitalized value of approximately \$3.2 billion.

Collateral Evaluation: Collateral for the construction and permanent loans will include a first lien deed of trust on the land and improvements known as Hope Townhouses. For the permanent loan, the Fund will also be secured by the Borrower's operating and replacement reserves associated with the Project. The property will be subject to all applicable LIHTCP and TCAP terms and restrictions. During construction, the Fund will also be secured by payment and performance bonds equal to 100% of the construction contract.

An Appraisal dated May 14, 2018 values the property subject to the rent restrictions with the LIHTC program at \$590,000. When considering the maximum permanent loan request of \$375,000, this results in a loan to value ("LTV") of 64%. The expected loan amount of \$300,000 produces an LTV of 51%.

The TCAP loan, which will act as a "soft" source of funds in the Project, will be in 2<sup>nd</sup> lien position. The TCAP loan will have an LTV of 104%.

Environmental Evaluation: EnviroProbe Integrated Solutions, Inc. completed a Phase I Environmental Site Assessment (ESA) of the subject property on November 13, 2017 in accordance with the ASTM Standard Practice E- 1527-13. The purpose of the Phase I ESA was to identify recognized environmental conditions (RECs). Based on the scope of services, limitations, and findings of their assessment, EnviroProbe did not identify RECs which warrant additional investigation.

A portion of the Project's site is within the 100-year flood hazard area; therefore, the Project is required to raise the site (using a design and fill materials appropriate for the proposed Project) two (2) feet above the flood hazard line. Once this has occurred, an elevation certificate prepared by a licensed surveyor will evidence that the site (and therefore the improvements constructed

on the site) is no longer in a flood zone. With this evidence, the Project can apply for a Letter of Map Amendment (“LOMA”), which would eliminate the need for flood insurance. During construction, and until the LOMA is received, flood insurance will be required.

Project Cash Flow: The Project’s expected cash flow is shown below:

| Projected Cash Flow       |            |
|---------------------------|------------|
| Revenue:                  |            |
| LIHTC Rents               | \$ 115,800 |
| Other Income              | \$ -       |
| (Vacancy)                 | \$ (8,106) |
| Effective Gross Income    | \$ 107,694 |
|                           |            |
| Expenses:                 |            |
| Management Expenses       | \$ 22,896  |
| Operating and Maintenance | \$ 21,470  |
| Utilities                 | \$ -       |
| Taxes and Insurance       | \$ 19,677  |
| Replacement Reserves      | \$ 5,600   |
| Total Expenses            | \$ 69,643  |
|                           |            |
| Net Operating Income      | \$ 38,051  |
|                           |            |
| Debt Service:             |            |
| Annual Asset Mgmt Fee     | \$ 4,000   |
| Annual RD Fee             | \$ -       |
| WVHDF Permanent           | \$ 20,440  |
| Total                     | \$ 24,440  |
|                           |            |
| DSC                       | 1.56       |

Once construction has been completed, the investor equity will be used to reduce the construction loan to the expected permanent level of \$300,000. Staff is requesting authorization of a permanent loan in an amount not to exceed \$375,000 to provide a cushion for any unforeseen changes prior to closing.

The Project's projected cash flow covers the proposed debt service requirements sufficiently as evidenced by a debt service coverage (DSC) ratio of 1.56x. This calculation is based on the expected loan amount of \$300,000. Due to the presence of project-based rental assistance, Staff is confident about the accuracy and stability of the projected cash flow.

The TCAP loan will not have a regularly scheduled loan payment requirement and therefore was not included in the cash flow analysis. Instead, the loan will be repaid on a cash-flow-dependent basis. After repayment of the deferred developer fee, the Borrower shall pay 50% of its surplus cash (if any) to the outstanding balance of the TCAP loan.

In addition to the debt service coverage ratio, the Project's debt yield, which measures the Project's ability to generate cash flow in comparison to the amount of debt associated with the property, was analyzed. A summary is shown below:

$$\text{NOI } (\$38,051) / \text{Loan amount (max of } \$375,000) = \text{Debt Yield (10.1\%)}$$

The Project shows an adequate debt yield of 10.1% based on the maximum loan amount. It should be noted that the property's debt yield would be 12.7% if the expected loan amount of \$300,000 is used for the calculation. Pursuant to the Fund's current underwriting practices, a debt yield of 7% or higher is deemed acceptable.

Sources: Total project sources are expected to be \$3,443,196. An estimated breakdown is shown below:

| Sources                |              |
|------------------------|--------------|
| Investor Equity        | \$ 2,847,000 |
| WVHDF Permanent loan   | \$ 300,000   |
| WVHDF TCAP Funding     | \$ 241,000   |
| Deferred Developer Fee | \$ 54,996    |
| Developer Investment   | \$ 200       |
| Total                  | \$ 3,443,196 |

Given the amount of investor equity scheduled to be injected, the permanent loan will have a favorable loan to cost ratio of 10.89%.

| Permanent LTC            | Amount       |
|--------------------------|--------------|
| Permanent Loan (Maximum) | \$ 375,000   |
|                          | ÷            |
| Total Cost               | \$ 3,443,196 |
| Loan to Cost Ratio       | 10.89%       |

Due to the timing of investor equity, a revolving construction loan amount of \$2,600,000 has been requested. Once construction has been completed, the investor equity will be used to reduce the construction loan to the expected permanent level of \$300,000, not to exceed \$375,000.

Terms of WVHDF loan: Terms for the proposed loans are shown below.

Construction Loan (Revolving):

- Borrower: East End Development LP
- Loan Amount: up to \$2,600,000
- Interest Rate: Variable rate of Wall Street Journal Prime (currently 5.00%)
- Loan Origination Fee: 1%
- Term: 24 months – Loan will convert to its permanent phase at the earlier of (1) 24 months, or (2) Property stabilization/when all investor equity has been received to pay the loan balance down to its permanent level.
- Collateral: First lien deed of trust on the land and improvements known as Hope Townhouses. Payment and performance bonds equal to 100% of the construction contract. The property will be subject to all applicable LIHTC terms and restrictions.
- Guarantee: Personal guarantees of Chris Sadd, Mark Sadd and Steve Sadd and Corporate guarantees of East End GP LLC, East End Associates LLC and Grant Street Commons LLC. Upon completion of construction, investor equity will be used to reduce the balance of the loan to its permanent level.

Permanent Loan:

- Borrower: East End Development LP
- Loan Amount: up to \$375,000 (Expected loan amount is \$300,000)
- Interest Rate: Fixed rate of 5.5%
- Loan Origination Fee: 1%
- Term: Thirty (30) years with a 20-year balloon maturity
- Collateral: First lien deed of trust on the land and improvements known as Hope Townhouses. The property will be subject to all applicable LIHTC terms and restrictions. The Fund will also be secured by the borrower's operating and replacement reserves associated with the property.
- Guarantee: Limited, non-recourse corporate guarantee of East End GP LLC and other corporate owners.

TCAP Loan:

- Borrower: East End Development LP
- Loan Amount: up to \$300,000 (Expected loan amount is \$241,000)
- Interest Rate: Fixed rate of 0.00%
- Loan Origination Fee: 1%
- Term: Twenty (20) years
- Collateral: Second lien deed of trust on the land and improvements known as Hope Townhouses. The property will be subject to all applicable LIHTC and TCAP terms and restrictions.
- Guarantee: Personal guarantees of Chris Sadd, Mark Sadd and Steve Sadd and Corporate guarantees of East End GP LLC, East End Associates LLC and Grant Street Commons LLC during the construction phase of the Project.

Conclusions/Recommendations: The project appears adequate to service the proposed debt at a Debt Service Coverage (“DSC”) ratio of 1.56x. Given the substantial amount of investor equity scheduled to be injected into the property, the developer’s experience and the projected cash flow of the Project, Staff recommends approval of the loan requests subject to the following conditions:

**Recommendation #1** – WVHDF Construction Loan of up to \$2,600,000 – Approval is recommended subject to the following conditions:

1. Satisfactory receipt and review of the executed syndication agreement prior to closing;
2. Satisfactory receipt and review of conditional LOMA approval.

**Recommendation #2** – WVHDF Permanent Loan of up to \$375,000 – Approval is recommended subject to the following conditions:

1. Project receives Certificate of Occupancy and receives final inspection approval;
2. Receipt of equity to pay down the construction loan to its permanent level.

**Recommendation #3** – WVHDF TCAP Loan of up to \$300,000 – Approval is recommended subject to the following conditions:

1. Satisfactory receipt and review of the executed syndication agreement prior to closing;
2. Satisfactory receipt and review of conditional LOMA approval.

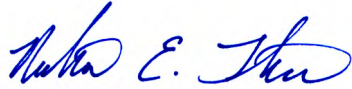
MEMORANDUM

Members of the Board of Directors

Hope Townhouses

Page 11 of 11


Thank you for your consideration of this request. Staff will be present at the meeting to address questions about the proposed loan.



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Nathan E. Testman

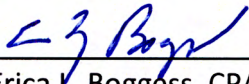
Senior Division Manager – Multifamily Lending



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Julie W. Davis

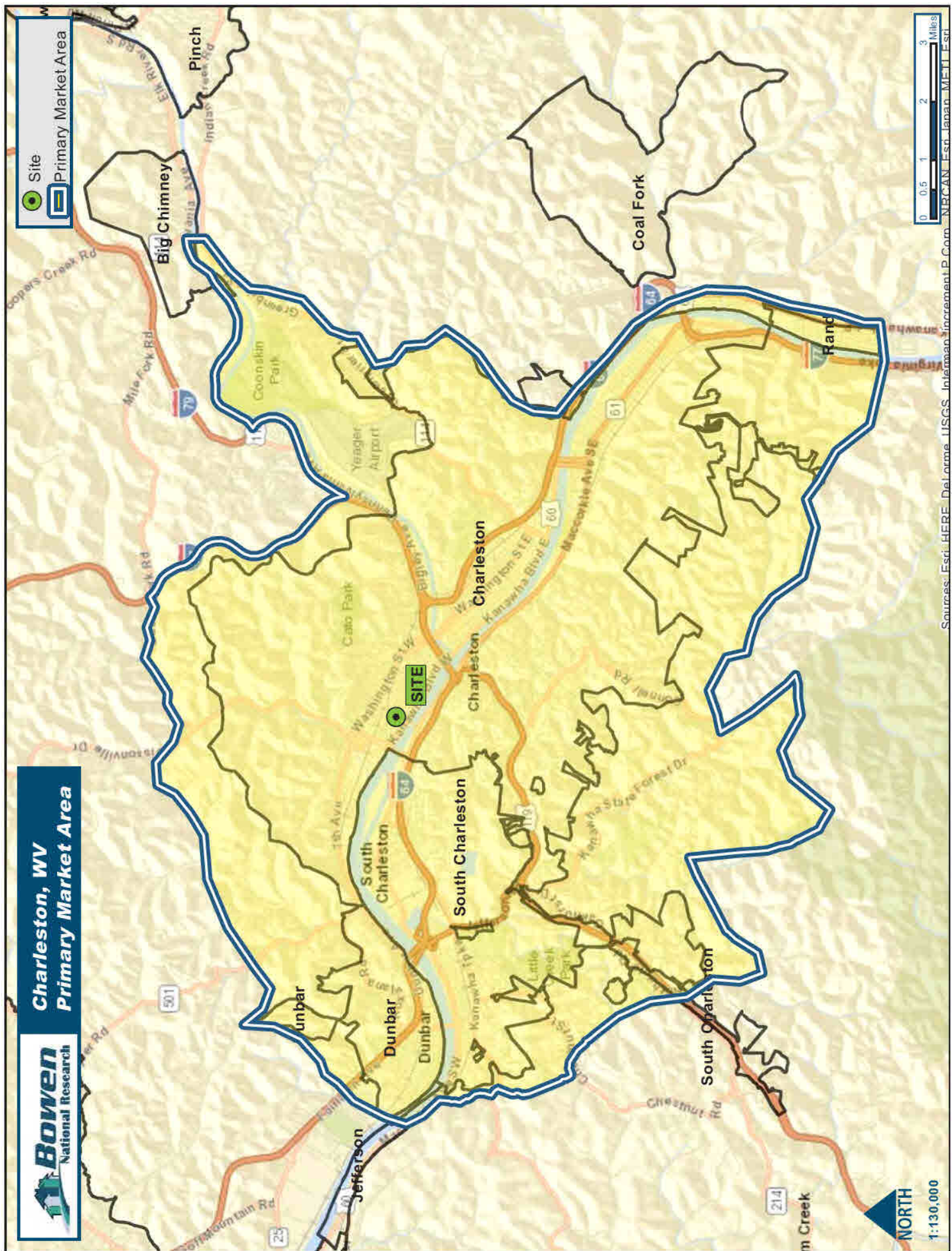
Deputy Director – Production



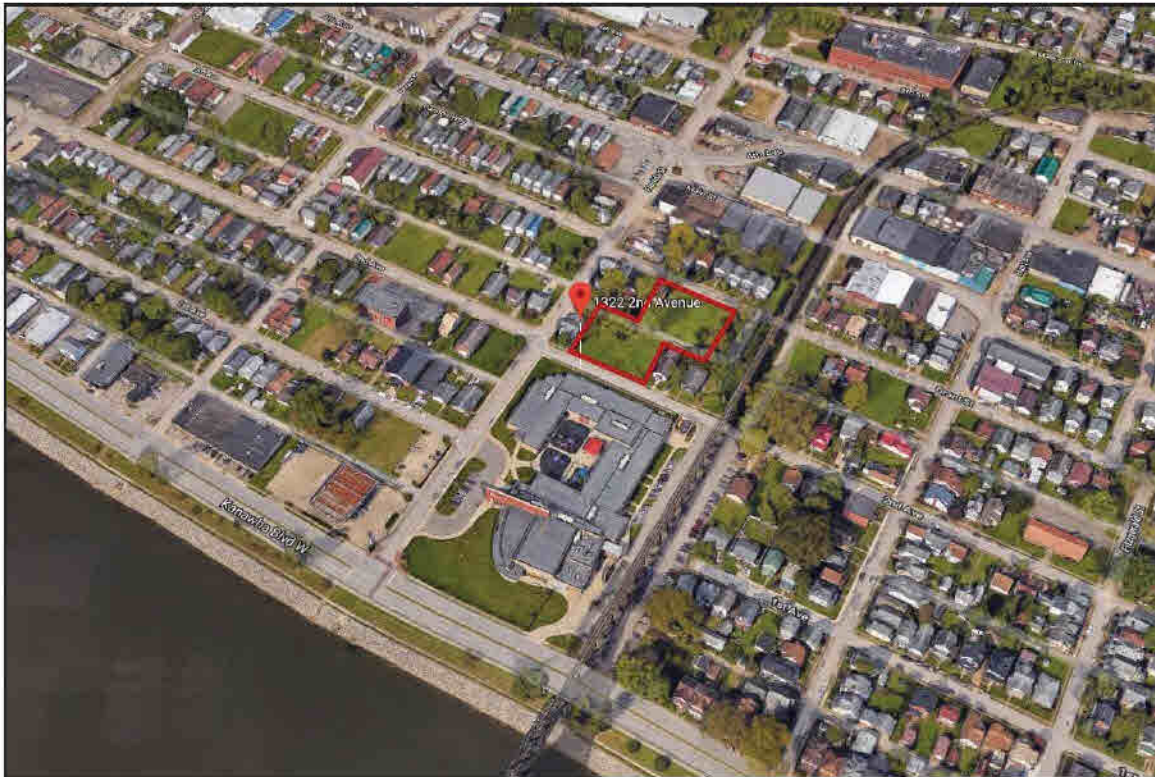
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Erica L. Boggess, CPA

Executive Director



Google Earth Aerial of Surrounding Land Uses



Photographs of Immediate Neighborhood (Taken on March 9, 2018)



Mary Snow Elementary School to southwest  
of subject



Railroad track bridge to the east of subject

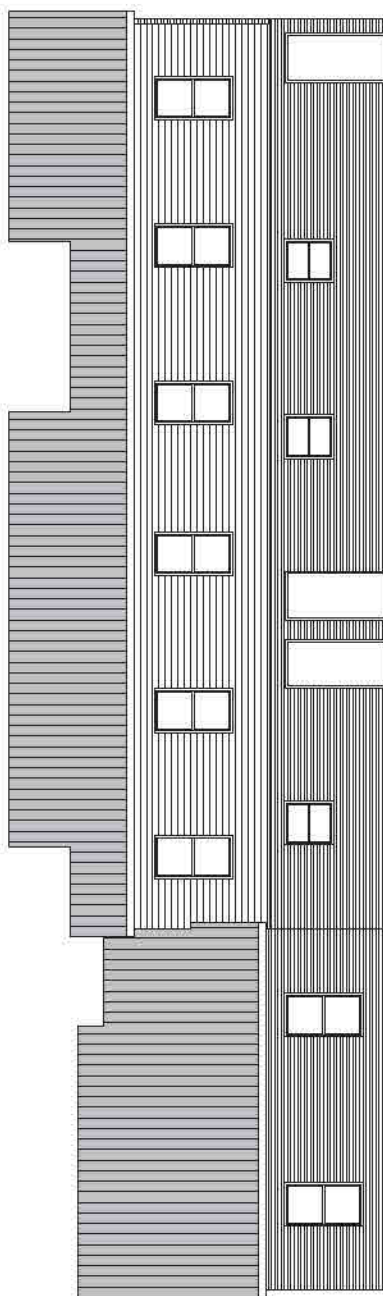
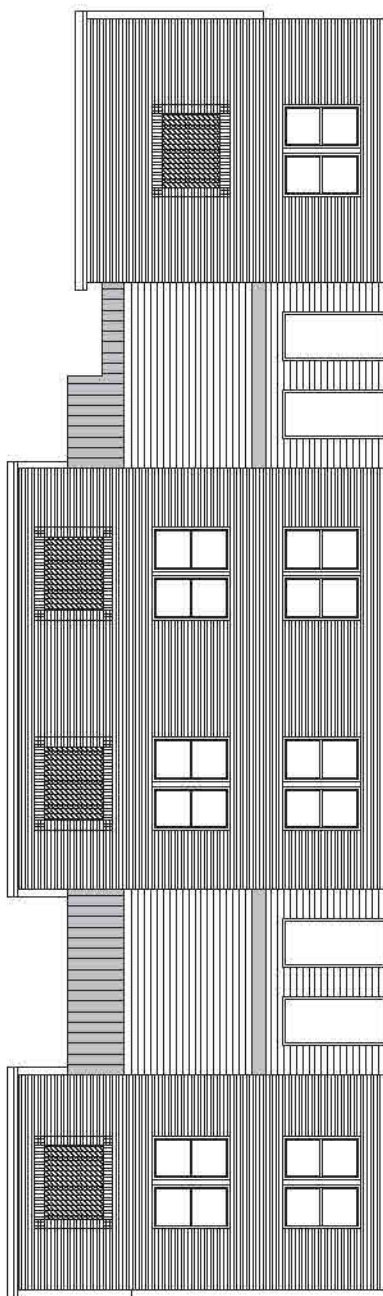
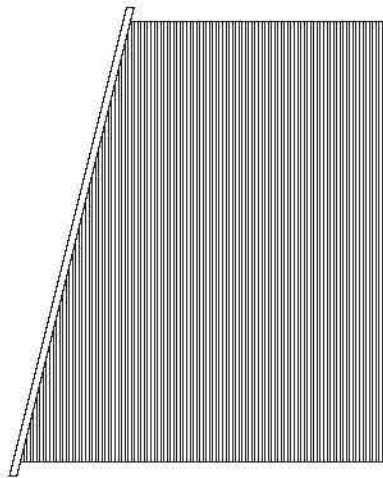
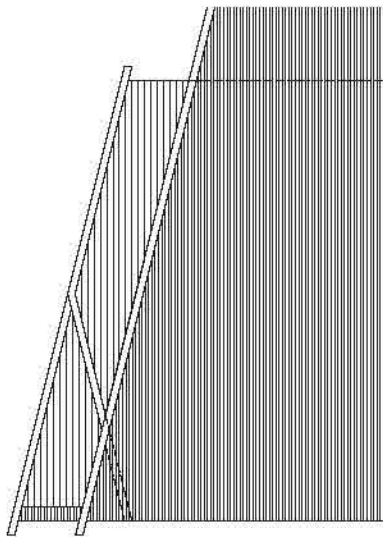
## Property Description

### Tax Map/Site Plan



Note: The alley way between the parcels on Grant Street and those on 2<sup>nd</sup> Street is a public right of way and not a part of any parcel.





[illegible]

## C1.1

**SITE  
PLAN**

## BEFORE EXECUTING WORK

ON VARIOUS SHEETS.

VERIFY ALL SCALES.

**IMPORTANT**

0 20 40

SCALE

11/16/17 9:10 AM

## NOTATION

PRINT

## PROGRESS

|   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
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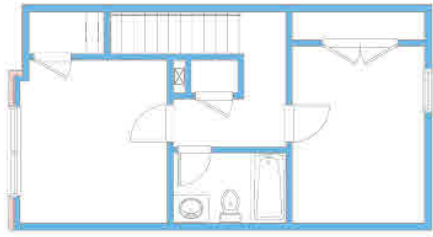
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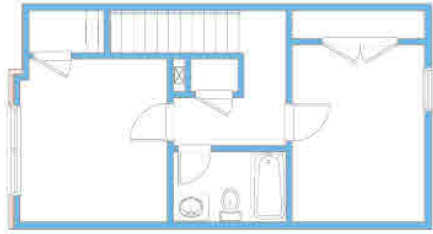
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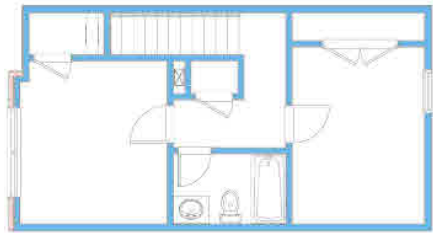
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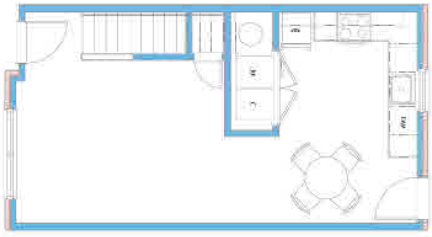
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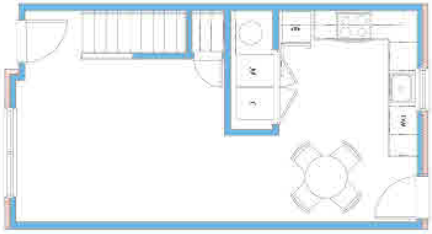
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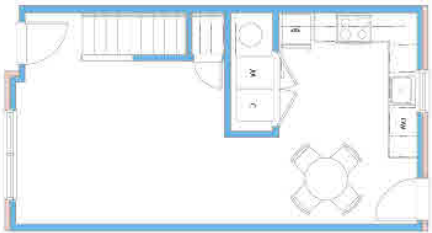
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PROPOSED NEW TOWNHOUSES FOR

HOPE

CHARLESTON,

WEST VIRGINIA



ARIC L. MARGOLIS, AIA, AIA 2008  
MARK N. SPENCER, AIA, AIA 2001  
602 VIRGINIA ST., E.  
SUITE 102  
CHARLESTON, WV 25301  
PHONE: 304.242.9080

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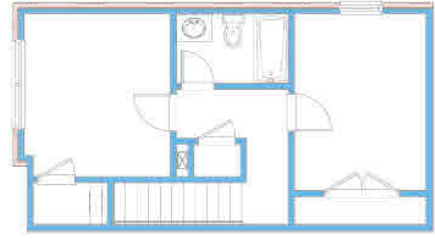
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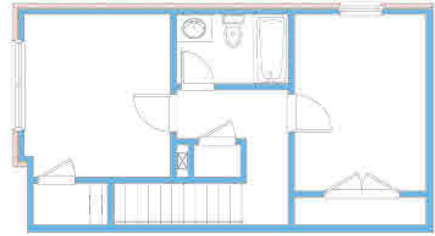
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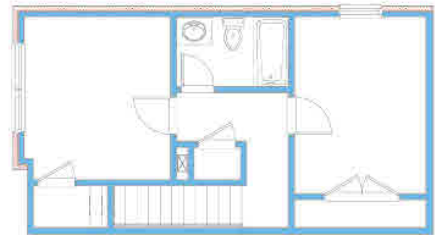
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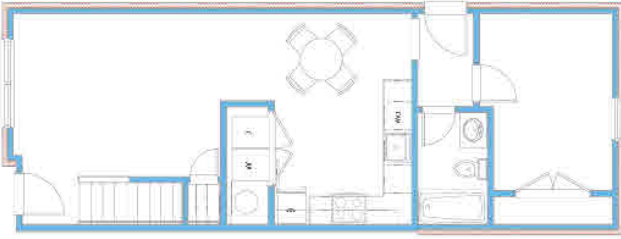
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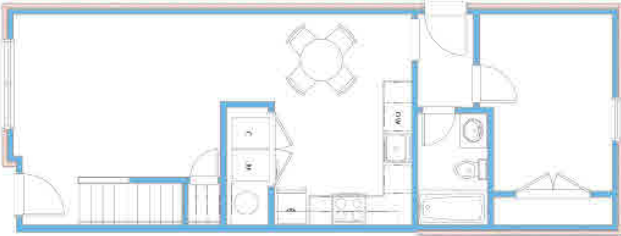
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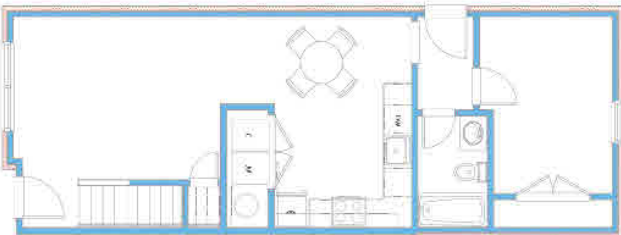
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© 11/16/17 MARK MARGOLIS ARCHITECTURE, P.C.

PROPOSED NEW TOWNHOUSES FOR

HOPE

CHARLESTON,

WEST VIRGINIA



aric margolis  
ARCHITECTURE

ARIC L. MARGOLIS, AIA/NCARB  
MARK N. SPENCER, AIA/NCARB

802 VIRGINIA ST. E.  
SUITE 102  
CHARLESTON, WV 25301  
phone: 304.340.9080

| CONTRACT & | DESCRIPTION            |
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| NO. 1      | MECHANICAL             |
| NO. 2      | ELECTRICAL             |
| NO. 3      | PLUMBING               |
| NO. 4      | INTERIOR FINISHES      |
| NO. 5      | EXTERIOR FINISHES      |
| NO. 6      | LANDSCAPE ARCHITECTURE |
| NO. 7      | STRUCTURAL             |
| NO. 8      | GENERAL CONTRACTOR     |
| NO. 9      | OWNER                  |

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## EXECUTIVE SUMMARY HOME CHDO PROGRAM

**Project Name:** Southside Square (RFP No. 2017-02-12)

**Location:** Crim Avenue, Belington, Barbour County, WV 26250

**Owner/Developer Name:** North Central WV Community Action Association, Inc., Vicki A. Geary, Executive Director

**Project Description/Activity:** Southside Square (Project) involves the new construction of a multifamily residential rental project located on a 0.97-acre tract, more or less, owned by North Central WV Community Action Association, Inc., (NCWVCAA) and will be comprised of one building, containing four (4) apartments: three (3) two-bedroom units, approximately 1,000 square feet each, and one (1) one-bedroom unit, approximately 775 square feet. All units will be designated as HOME CHDO units and comply with HUD HOME Rent Restrictions.

The per-unit subsidy does not exceed the maximum per-unit subsidy limits established for the HOME Program.

|                                  |           |
|----------------------------------|-----------|
| <b><u>Total Project Cost</u></b> | \$755,800 |
|----------------------------------|-----------|

### **Sources of Funds**

|                       |                     |           |           |
|-----------------------|---------------------|-----------|-----------|
| WVHDF HOME CHDO Loan  | Terms: 0%, 20 years | Committed | \$630,000 |
| NCWVCAA CHDO Proceeds | Terms: Equity       | Committed | 125,800   |
|                       |                     | Total     | \$755,800 |

### **Uses of Funds**

|                       |                 |
|-----------------------|-----------------|
| Acquisition           | \$ 32,400       |
| Construction Costs    | 581,500         |
| Soft & Carrying Costs | 141,900         |
|                       | Total \$755,800 |

**Loan Terms:** The amount of the HOME loan is expected to be \$630,000; however, staff is recommending approval of up to \$720,000 for any unforeseen changes prior to closing and to allow a cushion for the Fund to reimburse itself for Project related soft costs as permitted by HUD. The loan will have an interest rate of 0%, and be deferred and forgivable.

**Project Cash Flow:** An analysis of the Project's cash flow illustrates it is sufficient to support the Project's operating costs, including contributions to the replacement and preservation reserve accounts throughout the twenty-year affordability period.

**Collateral Evaluation:** The Fund will be secured by a first lien deed of trust on the subject property and the replacement and preservation reserve accounts associated with the Project. During construction, the Fund will also be secured by Payment and Performance bonds equal to 100% of the cost of construction. The HOME CHDO loan amount of \$630,000 results in an 83% loan to cost ratio.

**Property Inspection:** The Fund's Technical Services staff performed a site review on August 10, 2016, and the site was deemed adequate for the Project. A review of the Project's Statutory Environmental Checklist indicates compliance with 24 CFR §58.

**Lending Limits Policy:** NCWVCAA has \$3,321,396.98 of outstanding obligations with the Fund. NCWVCAA's current outstanding obligations plus the application for a HOME CHDO loan of up to \$720,000 will not exceed the Fund's lending limit of \$15,000,000.

**Owner/Developer's Qualifications:** NCWVCAA has been involved with the development of ten (10) single family homeownership projects, representing twenty-eight (28) units, and six (6) multifamily residential rental projects, representing thirty (30) units. Currently, NCWVCAA manages the rental projects they developed: six (6) projects, which represent thirty (30) units. NCWVCAA's goal is to obtain financing and construct the proposed Project. It is anticipated the Project will be complete in early 2019. NCWVCAA's financial condition was deemed adequate based on a fiscal soundness review performed by the Fund.

**Recommendation:** Staff recommends approval of the subject HOME CHDO loan to NCWVCAA not to exceed \$720,000, with an interest rate of 0% and a term of 20 years. Fund staff costs, which are related to carrying out the Project as permitted by 24 CFR 92.206 (d)(6), will be submitted for reimbursement through HUD's Integrated Disbursement Information System.

The HOME Written Agreement shall be subject to the following conditions.

1. NCWVCAA shall execute the Written Agreement by March 31, 2018, unless the Fund shall extend such period in writing.
2. NCWVCAA shall not authorize or permit any construction or other activity that may give rise to a mechanic's lien prior to the execution of the Written Agreement.

**This HOME CHDO Project meets all HOME Program guidelines.**

- ☒ Project requires approval by Board of Directors.  
☐ Project does not require approval by Board of Directors.

Approval:

  
Charles C. Thomas, II  
HOME Program Specialist

9-20-17  
Date

  
Catherine Colby  
Senior Manager-HOME & HTF Programs


9-20-17  
Date

  
Nathan E. Testman  
Division Manager-Multifamily Lending

9-20-17  
Date

  
Julie Davis  
Deputy Director-Production

9-20-17  
Date

  
Erica L. Boggess, CPA  
Executive Director

9-20-17  
Date