



**MCEDD Loan Administration Board Meeting**  
**Tuesday, September 12, 2023**  
**8:00am**

Via Zoom:

<https://us06web.zoom.us/j/84101796786>

Or call 669-900-6833, Meeting ID: 841 0179 6786

**AGENDA**

<b>Topic</b>	<b>Estimated Time</b>	<b>Item</b>
Call to Order, Introductions		
Loan Administration Board Minutes <i>June 20, 2023</i>	5 minutes	Approval
New Loan Request <i>Mountain Valley Butcher Block, LLC</i> <i>AniChe Cellars Washington, LLC</i>	30 minutes	Information
<b><i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i></b> Regular Session Reconvened		
Loan Actions	5 minutes	Approval
Funded Loan Modification <i>A Home Sweet Home Elder Care, Inc.</i>	5 minutes	Information
<b><i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i></b> Regular Session Reconvened		
Loan Actions	5 minutes	Approval
Attainable Housing Revolving Loan Fund Modifications	10 minutes	Approval
Adjourn		

The meeting location is accessible to persons with disabilities. If you have a disability that requires any special materials, services, or assistance, please contact us at (541) 296-2266; TTY 711 at least 48 hours before the meeting. MCEDD is an equal opportunity employer, lender, and provider.

## **Executive Session Protocol**

### **MCEDD Loan Administration Board**

After discussion agenda items are presented in open session by MCEDD staff, the LAB Chair will state the following: "Pursuant to ORS 192.660(f), Exempt Documents, I call the Executive session of the MCEDD Loan Administration Board to order".

LAB Chair asks all non-staff and non-LAB members to leave the meeting. Staff will explain to visitors where they can wait and that they will be invited into Executive Session when their agenda item will be discussed.

For each discussion item on the agenda for Executive Session, the LAB Chair will follow the following procedural steps:

1. Invite the loan applicant (or their representative) into the Executive Session for the presentation of their loan request. LAB Chair requests a brief presentation from MCEDD staff on a summary of the loan proposal or other discussion item.
2. After presentation of information by staff, the LAB Chair asks if there are any questions for the loan applicant or MCEDD staff.
3. Following questions and discussion by the LAB, the loan applicant (and/or their representative) is asked to leave Executive Session with instruction that they will be invited into the Open session when Executive Session is adjourned.
4. LAB Chair asks LAB members if there is any discussion related to loan request that needs to take place before inviting the next loan applicant or other persons into Executive Session for the next discussion item.
5. Additional discussion between the LAB members takes place then Steps 1-5 are repeated for each following discussion item for Executive Session.
6. At the end of discussion, the LAB chair will close the Executive Session. The LAB moves back to open session. At this point, the LAB Chair asks for a motion on the decision items in open session. Following a proper motion (motion and a second), the LAB chair requests discussion on the motion. Following any discussion, the LAB chair requests a vote ("all those in favor, signify by saying aye" "all opposed signify by saying nay" "any abstentions?"). Staff may ask for a roll-call vote, if the responses are unclear.

**MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT  
LOAN ADMINISTRATION BOARD MEETING MINUTES**

Tuesday, June 20, 2023 at 8:00am

Virtual Only

**ATTENDANCE**

*BOARD:* Scott Clements, Dillon Borton, Steve Kramer, Joe Dabulskis, AJ Tarnasky

*STAFF:* Jessica Metta (Executive Director), Ami Beaver (Loan Fund Manager), Jill Brandt (Administrative Assistant)

*GUESTS:* Kory Geddes, Celeste Jackson (Dirty Cowgirl Saloon)

**CALL TO ORDER**

Scott Clements called the meeting to order at 8:02 a.m. A quorum was present.

**MINUTES**

**Steve Kramer motioned to approve** the minutes from the May 30, 2023, meeting as presented. Joe Dabulskis seconded the motion. All voted in favor, and the motion passed.

**NEW LOAN REQUEST: THE DIRTY COWGIRL SALOON, LLC**

Kory and Celeste provided an overview of their business and request for funds to improve the building. Ami asked to go into Executive Session to review the confidential materials about a new loan request for The Dirty Cowgirl Saloon, LLC.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:08 am.

*Regular session resumed at 8:28 am.*

AJ asked Kory if the work would be done by a contractor, or by the client? Kory explained that a contractor will do the work.

**LOAN ACTION: THE DIRTY COWGIRL SALOON, LLC.**

**AJ Tarnasky motioned to approve** the loan request as presented by staff. Steve Kramer seconded the motion. All voted in favor, and the motion passed.

**Terms:**

- Loan amount: \$ 171,500
- Interest Rate: 9.25%
- Loan Term: 120 months
- Loan Payment: \$1,570.71 (*119 monthly payments of \$1,570.71 and an approximate*

*balloon payment of \$121,886.42 due the 120<sup>th</sup> month)*

- Loan Fee: \$2,572.50

### **FUNDED LOANS UPDATE**

Ami asked to return to Executive Session to provide an update on current loan clients Mid-Columbia Backflow and Red Letters Enterprises and review microloans that have closed this year.

### **EXECUTIVE SESSION:**

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:31 am.

*Regular session resumed at 8:40 am. No action was taken.*

### **ADJOURN**

Scott Clements adjourned the meeting at 8:41 a.m.

*Respectfully submitted by Jill Brandt, Administrative Assistant*

## Memorandum

**To: MCEDD Loan Administration Board**

**From: Jessica Metta, MCEDD Executive Director**

**Date: August 29, 2023**

**Re: Attainable Housing Revolving Loan Fund Modifications**

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### Overview

In December 2022, the MCEDD Loan Administration Board (LAB) discussed possible modifications to the Attainable Housing Revolving Loan Fund managed by MCEDD that had been requested by the North Central Regional Solutions Advisory Committee (Committee). Those modifications included:

**Item 1: Updating Administration:** The Committee supported allowing MCEDD staff to confirm projects meet the Attainable Housing criteria. If projects had any grey area or raised any questions, at that point MCEDD staff would call the Regional Solutions Advisory Committee Housing Subcommittee together for their input. The LAB was supportive of this change.

**Item 2: Creating Interest Rate Flexibility:** The Committee was interested in adding more flexibility to the interest rates offered for this program. Staff raised the concern about competing with commercial lenders, but the Committee and the LAB both agreed that the housing problem is so large, and our fund is so small that they didn't feel this was an issue. The LAB was thus supportive of this change.

**Issue 3: Affordability:** The Committee was supportive of opening the fund to housing affordable anywhere in the 0 to 120% of Area Median Income range. The LAB was supportive of this change.

Since the December meeting, staff has met several times about a potential project in Hood River. Those conversations have led to some additional proposed modifications to the maximum loan amount and a specification about the number of units that are required to meet the income limits.

All the above changes are reflected in the following draft Policies and Checklist documents.

### Process

MCEDD staff met with Business Oregon staff to review the process to update the Policies and Checklist since they are incorporated into our contract with Business Oregon for the funds. Business Oregon felt the changes were minor enough to allow only Business Oregon staff approval, which they were willing to provide. Prior to their approval, MCEDD staff desired to bring this to the LAB for final review.

# NORTH CENTRAL OREGON ATTAINABLE HOUSING DEVELOPMENT FUND POLICIES & PROCEDURES

## INTRODUCTION

The Housing Development fund is designed to provide loan resources to address a shortage of quality housing stock at price ranges and rental levels which are commensurate with the financial capabilities of workers and households in the region. The purpose of the fund is to provide funding for gap lending to aid in addressing the North Central Oregon regional attainable housing challenge. Uses are intended to include pre-construction, rehabilitation and loan guarantees. Goals for the fund include development of tangible assets through housing development, providing opportunities for those in the region to live where they work and supporting ~~the middle market of 61-~~ from 0% up to 120% median family income (“MFI”).

The purpose of the fund is to provide gap financing and will partner with a lender to leverage the Attainable Housing Development Fund resources. Mid-Columbia Economic Development District (MCEDD), hereinafter referred to as the Attainable Housing Fund Manager, or “Fund Manager” will manage the Attainable Housing Development Fund. A lender is defined as any federally insured bank or credit union (“Lender”). Lenders will be free to exercise complete autonomy over underwriting and credit approval and will provide the Fund Manager with copies of all documentation used in making the credit decision.

## SECTION 1: APPLICANT ELIGIBILITY

In order to be eligible for an Attainable Housing Development Fund (AHDF) loan, an applicant must meet all of the following requirements:

**1:1 Applicant:** The applicant must pre-qualify with a Lender to finance a loan to support the regional attainable housing objectives as described above.

**1:2 Property Location:** The property must be located within Hood River County, Wasco County and/or Sherman County.

**1.3 Project Characteristics:** The project to be financed is subject to competitive review and must meet at least one of the ~~mandatory objectives~~ additional program goals established in the checklist by the North Central Affordable Housing subcommittee.

## SECTION 2: LOAN REQUIREMENTS

All loans will be made in partnership with a Lender and will provide financing for the gap between the Lender’s loan and the total project cost. The AHDF will be in a subordinate position behind the Lender’s financing.

## Loan Interest Rate Policy:

Interest rates will be fixed at the time of disbursement. The fund will use a risk rated interest loan rates tied to the ~~WSJ PrimeUS Treasury~~ Rate for all non-government loans, with a minimum rate of 4.0%.

Risk Rating	Margin	Index – <del>WSJ Prime RateUS Treasury</del> based on term of loan*	AHDF Interest Rate*
Excellent	<del>.25</del> <u>.0</u>	3.25	<del>3.25</del>
Good	<del>.75</del> <u>.25</u>	3.25	<del>4.0</del> <u>3.5</u>
Average	<del>1.5</del> <u>.5</u>	3.25	<del>4.75</del> <u>3.75</u>
Below Average	<del>2.5</del> <u>.75</u>	3.25	<del>5.75</del> <u>4.0</u>
Poor	<del>3.5</del> <u>1.0</u>	3.25	<del>6.75</del> <u>4.25</u>

\*The ~~Wall Street Journal PrimeUS Treasury~~ Rate is subject to change. When the ~~WSJ PrimeUS Treasury~~ rates changes, so do AHDF interest rates.

### Criteria:

The main risk criteria analyzed (as applicable) is personal credit scores, collateral percentage of loan or loan-to value, debt coverage service ratio, personal financial strength of individual owners of the business and type of collateral. Lending staff determines performance of the applicant in each of these categories when assigning an interest rate.

For loans to governmental entities, a fixed interest rate of 1% is available. The Loan Committee may approve a lower rate for projects of exceptional value to the region if the rate still allows the project to meet administrative obligations.

### 2:1 Loan Committee:

Loan Committee will consist of a minimum of five and a maximum of seven members. Five of the members shall be county commissioners or a designated representative thereof currently serving on the MCEDD Board. At the MCEDD Board's discretion, the Loan Administration Board, a Board whose membership is to be chosen by the MCEDD, subject to the requirements herein, may include persons who are not members of the MCEDD Board and who can contribute expertise to the loan review process. Loan Administration Board membership shall include at least one member with commercial lending or financing experience.

It is not the intent of the program to compete with traditional lenders, but rather partner with them. Therefore, the Loan Committee will rely on the participating Lender's expertise and experience to determine the amount of funding needed to fill "the gap". Proof of a long-term commitment must be supplied by the Lender at time of application or before closing of the loan. A letter of interest from a Lender is sufficient to include in an application under this fund. Equity amounts will be required and determined by the Lender.

### 2:2: North Central Affordable Housing Subcommittee

The AHDF subcommittee shall consist of the following:

- Three county members, with one from each county (Hood River, Wasco and Sherman).
- Three city members, representing cities in the three counties. Members may be selected from any city within the county.
- One member from the Mid-Columbia/Columbia Cascade Housing Authority.

Membership will be based on nominations by the counties and will be selected by the North Central Regional Solutions Advisory Committee, for terms prescribed by the North Central Regional Solutions Advisory Committee.

Decisions of the subcommittee will be made by simple majority vote. If any subcommittee member has a direct conflict of interest (as defined by MCEDD's conflict of interest policy) with a proposed project presented to the committee, they will recuse themselves from discussion and decision.

Role of the North Central Affordable Housing Subcommittee:

- 1) Develop checklist against which projects will be evaluated in meeting the intended goals for the AHDF. Checklist will highlight criteria in-line with goals listed in the introduction.
- 2) Review the checklist on at least a bi-annual basis and revise as necessary.
- 3) Review projects to determine the degree to which they do or do not meet metrics defined in the checklist.
- 4) Develop a recommendation to the Loan Committee on the project's fit to the goals of the AHDF. The Loan Fund Manager will provide all financial analysis to accompany the subcommittee recommendation's related to the project's fit with the program's objectives. These will be presented to the Loan Committee for decisions on loans, terms and conditions.

For straightforward projects, MCEDD staff is able to complete tasks 3 and 4 above using clear standards set by the Subcommittee.

### **2:3 Loan Amounts:**

- a. Loan Size
  1. Minimum loan size is \$250,000. Multiple smaller projects in a single jurisdiction may be pooled (e.g. multiple rehabilitation loan requests) to meet the minimum loan size.
  2. Maximum loan through this fund is ~~\$750,000~~1,000,000.
- b. Maximum loan amounts will not exceed 40% of the project total; including all fees. Therefore, loan applications will need to include a project budget from the Lender which includes the amount of fees and interest being charged by the Lender during financing. *In low population counties (5,000 residents or less), this 40% maximum loan amount is waived when the applicant is a domain specific not-for-profit or government entity.*
- c. Each loan requires a borrower contribution and loans. At least 20% of the ultimate loan will require private or outside resource contributions. The applicant's equity in the project can be cash or the value of the land in which the project will be located. Value of the land will be equal to the purchase price of land if acquired less than 3 years from the application date. If the land purchase was greater than 3 years from the application date; then land value will be based on the county assessed value or an appraised value required by the Lender.

### **2:4 Eligible Project Costs/Uses:**

Construction  
Construction Contingency



Permits/Building Fees  
Appraisals  
Recording & Loan Fees  
Land acquisition (only in special exception circumstances)

**2:5 Ineligible Project Costs:**

Refinance of existing debt.  
Financing of properties used as/ to be used as vacation rentals.  
Reimbursement to Borrower for land purchase.  
Reimbursement to Borrower for labor.  
Delinquent Property Taxes on Subject Property

**2:6 Exceptions:** The Loan Administration Board may approve loans that include exceptions to the guidelines included in this policies and procedures plan, including exceptions to the loan amount and the eligible uses, in instances with the project impact is of exceptional value to the region. *Overall programmatic exceptions to the fund criteria may be made to allow different term structures to support pooled projects, but the amount available to that function may be limited.*

**SECTION 3: FUND MANAGER**

The Fund Manager will be responsible for coordinating committee meetings, communicating with the Lender about projects and the overall management of the fund in terms of applications, closings and project management as it relates to the policies & procedures of this fund. Mid-Columbia Economic Development District (MCEDD) will act as the Fund Manager for this fund.

**SECTION 4: APPLICATION PROCESS**

**4:1 Loan Approval:** The Fund Manager will receive a loan request from Lenders and prepare an additional loan summary, if necessary, to Loan Committee members. The Lender’s loan request will include an appraisal of the project property and appropriate financial analysis, including cash flow of the project property, copies of 2 years tax returns for borrowers, guarantors and any applicable business entities – i.e. corporations, partnerships, LLCs’ and others. All loans will require review and approval from the Loan Committee. Applicants approved for a loan will be notified in writing. Applications will be approved in the order they are completed.

**4:2 Loan Terms:** Loan terms will match the Lender’s term on financing, but may include a shorter balloon for a total three to five year term. Extensions will be considered, but a formal request must be submitted to the Fund Manager for review and approval. The request should include the length of extension needed and reason for the delay in completing the project. Fund Manager will have the authority to approve extensions. The fee for the extension will be ½ of 1% with a minimum of \$250.

**4:3 Loan Documents:** All loans will be secured by a recorded trust deed and/or other instruments as stated in the approval letter. The Lender and Fund Manager will prepare loan documents for their respective loan amounts and the loan will be closed at a title company in Wasco, Sherman or Hood River County.

## SECTION 5: CONSTRUCTION PERIOD

The Lender will take lead on the project during the construction phase. Funding will first be disbursed from the Lenders portion then from the AHDF portion.

**5:1 Disbursement of Loan Proceeds:** Loan funds will be disbursed by Lender in accordance with the Lender's standard practices and after construction progress inspections. Projects authorized for pre-construction costs may receive disbursement in advance of any construction activities. Upon full disbursement of the Lender's funds, the Lender will request the AHDF funds be disbursed. The Fund Manager will disburse the **full amount directly to the Lender.** Change?

**5:2 Construction Inspections:** The Lender will be responsible for timely construction inspections and will provide copies of these inspections to the Fund Manager.

**5:3 Contract Change Orders:** Based upon submission of appropriate documentation by the borrower, the Lender is authorized to approve contract change orders that do not exceed an aggregate total of 2% of the contract amount or \$3,000.00, whichever is less. Any modification of the Construction Contract for more than the above must be submitted to and approved jointly by the Lender, Loan Committee and the Fund Manager.

**5:4 Property Insurance:** It will be the responsibility of the Lender to assure that property damage insurance is in place for the full term of the loan.

## SECTION 6: CONFLICT OF INTEREST

No employee of Fund Manager, its agents, members and families of the Loan Committee, and other 'covered persons' pursuant to 24 CFR 570.489(h) who exercise any functions or responsibilities in connection with administration of the Attainable Housing Development Fund shall be eligible for an Attainable Housing Development Fund Loan, nor shall such a person have any interest, direct or indirect, in the proceeds of such a loan.

## SECTION 7: POLICY EXCEPTIONS

The Loan Committee may waive program policies. The request for the waiver will be submitted by the Fund Manager. Requests for waivers will be evaluated based upon whether the requested waiver is necessary to accomplish the goals of the Attainable Housing Development Fund and will apply only to the application for which a waiver was requested.

## SECTION 8: PROGRAM INCOME

Participating Lender will make payment to the Fund Manager in accordance with the loan agreement and promissory note, executed at loan closing and at the time long-term financing is put in place.

**8:1 Interest Income:** Interest earned on the program will be held by the Fund Manager to cover costs associated with loan servicing and reporting of the fund to owners of the Attainable Housing Development Fund.

**8:2 ~~Lenders~~Fund Managers Fee:** Borrower will pay a fee in the amount of 1% or \$1,000.00 (whichever is more), of the ~~Lender's long-term~~AHDF loan amount will be due and payable at the time of the loan closing. The fee will be ~~split pro-rata between the Lender and~~paid to the Fund Manager.

**8:3 Borrowers Application Fee:** Borrower will pay a non-refundable application fee of \$250 to the Fund Manager at the time of application. This fee may be waived by the Fund Manager.

**8:4 Borrowers Closing Costs:** Borrower will pay all closing costs associated with credit reports, recording fees and title insurance and any other costs associated with the loan closing. Fund Manager will coordinate closing with the Lender and a closing statement will be required.

**SECTION 9: DEFAULT PROCEDURE:** Should the loan default in any way, decisions regarding collection and foreclosure will be made jointly by the Loan Committee, Lender and Fund Manager. The costs associated with all legal collection activities will be the responsibility of the AHDF.

**NORTH CENTRAL OREGON  
ATTAINABLE HOUSING DEVELOPMENT FUND  
CHECKLIST**

**Checklist Role:**

Checklist will be the measure which project proposals will be evaluated in meeting the intended goals for the Attainable Housing Development Fund. The checklist evaluation and comments provided by MCEDD staff or the Attainable Housing Development Fund Subcommittee will be included in the proposal to the MCEDD Loan Administration Board in evaluating funding requests. Funding will be awarded on a competitive basis.

**Background:**

The North Central Oregon Attainable Housing Development fund is designed to provide loan resources to address a shortage of quality housing stock at price ranges and rental levels which are commensurate with the financial capabilities of workers and households in the region. The purpose of the fund is to provide funding for gap lending to aid in addressing the North Central Oregon regional attainable housing challenge. Uses are intended to include pre-construction, rehabilitation and loan guarantees. Goals for the fund include development of tangible assets through housing development, providing opportunities for those in the region to live where they work and supporting from 0% up to 120% median family income (“MFI”).

**Funding Requirements and Focus Areas**

**Projects must meet all of the following criteria:**

- Project is located in one of the target counties (Sherman, Wasco and/or Hood River County).
- Project will result in real property assets or rehabilitated property through housing development.
- Project is sponsored by a city or county. List city/county sponsor(s): \_\_\_\_\_
- Project conforms with Policies & Procedures Sections 2:4 and 2:5 regarding eligible and ineligible project costs.
- Project conforms with Policies & Procedures Section 2:3:a regarding loan size.

**Projects will be evaluated as to the degree they meet additional program goals:**

- Project funds housing development meeting the needs of individuals at 0 – 120 % of median family income. At least 90% of the housing units will be required to meet this standard for the life of the loan.
- Project provides opportunities for those in the North Central Oregon region (Sherman, Wasco and/or Hood River County) to live where they work.
- Attention should be given to geographic distribution of loan with preference for at least one award in each sponsoring county (Sherman, Wasco and Hood River).
- Project begins to “close gap.” Providing special attention on transitioning from affordable housing (under 61% MFI) to the middle market (61 – 120% MFI).
- Project has significant financial leverage.
- Project moves the needle for a community. Project makes a significant difference in housing inventory in a given community.
- Project incorporates innovative design standards. Project incorporates sustainable design standards.