

NORTHEAST ECONOMIC DEVELOPMENT, INC. – NED, INC.
BOARD OF DIRECTORS MEETING
WEDNESDAY, AUGUST 30, 2023 - 7 P.M.

City of Norfolk Offices – Training Room, 309 N. 5th St., Norfolk, NE 68701

The President and Board of Directors reserve the right to adjourn into closed session
as per Section 84-1410 of the Nebraska Open Meetings Act.

AGENDA

- I. Call to Order:** Inform the public about the location of the Open Meetings Act and that it is accessible to the public (LB 898).
- II. Roll Call**
- III. Introduction of Guests**
- IV. Secretary’s Report**
 - A.** Consideration for approval of the August 30, 2023, agenda and July 26, 2023, meeting minutes (emailed and posted)
- V. Treasurer’s Report**
 - A.** Consideration of acceptance of the July 2023 Treasurer’s Report as presented
- VI. Discussion Items**
 - A.** None
- VII. Action Items**
 - A.** Consideration for approval of a \$50,000 loan to Elkhorn River Coffee Company, LLC in Scribner.
 - B.** Consideration for approval of loan subordination request on their personal residence from Ryan and Kristi Logemann in West Point
 - C.** Consideration for approval of a \$250,000 loan to Lowell Jepsen to purchase Midwest Machine & Tool, Inc. in Columbus
 - D.** Consideration for approval of a collateral change to sell a portion of the Knotty Pine real estate in Petersburg and use the \$10,000 proceeds for working capital
 - E.** Consideration for approval for direct homebuyer assistance applicant #101781 in the amount of \$30,000
 - F.** Consideration for approval for direct homebuyer assistance applicant #101769 in the amount of \$30,000
 - G.** Consideration for approval of revised NED, Inc. NAHTF OOR Reuse Program Guidelines
 - H.** Consideration for approval of three-month contract extension for NED, Inc NAHTF grant 20-TFHP-15004
 - I.** Consideration for approval of the subordination request of loan #101722
- VIII. President/Board Comments**
- IX. Next Meeting Date:** The next Northeast Economic Development, Inc., Board of Directors meeting will be at 7 p.m. on Wednesday, September 27, 2023. The meeting will be held at the following location: City of Norfolk Offices – Training Room, 309 N. 5th St., Norfolk, NE 68701.
- X. Adjournment**

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, Inc. Board Agenda

Object: Consideration for approval of the August 30, 2023, agenda and July 26, 2023, meeting minutes.

Contact Person: Thomas L. Higginbotham, Jr Executive Director

For: Action

Explanation: The August 30, 2023, agenda has been posted on the website. The July 26, 2023, meeting minutes have been posted on the website.

Motion: Consideration for approval of the August 30, 2023, agenda and July 26, 2023, meeting minutes.

Shannon Stuchlik_____ Jim McCarville_____ Rich Jablonski_____
Sally Ganem_____ Loren Kucera_____ Kurt Dostal_____ Jim Hans_____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, Inc. Board Agenda

Object: Acceptance of July 2023 Treasurer’s Report

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

Northeast Economic Development, Inc.’s (NED, Inc) July 2023 Statement of Financial Position and the Statement of Revenues and Expenditures that reflect the monthly Budget, Actual and Budget Variance. Also stated is the Fiscal Year 2023 Budget for the nonaccrual accounts, July 1, 2023, through June 30, 2024, Actual, Budget Variance so far this fiscal year and Percent of the fiscal year 2024 Budget remaining.

Explanation:

Additional Information:

Business Loan Principal Received	43,706.50
Housing Rehab Principal Received	4,472.07
Direct Homebuyer Assistance (DHA) Principal Received	90.00
Business Loan Disbursements	592,000.00
Housing Rehab Loan Disbursements (3 home)	18,869.58
Direct Home Buyer Assistance Loan Disbursements	-

Business Loan Disbursements:

Client #623005, River’s Edge Meat Locker, LLC, Fullerton, \$200,000
Client #624001, Polly Auctions, Allen, \$40,000
Client #624002, 39th Avenue Industrial and Storage, LLC, Columbus, \$52,000
Client #624003, Wolken Therapy and Wellness, LLC, Oakland, \$50,000
Client #624004, Puntney Family Properties, LLC, Columbus, \$250,000

NED, Inc. Reuse Funds Available for Lending:

Owner-Occupied Rehabilitation (HOME & Trust): \$644,727
Direct Home Buyer Assistance (HOME & Trust): \$456,937
Business Revolving Loan Funds (All Sources): \$3,036,600

Motion: Consideration for acceptance of the July 2023 treasurer’s report as presented.

Jim McCarville _____ Rich Jablonski _____ Sally Ganem _____
Jim Hans _____ Shannon Stuchlik _____ Loren Kucera _____ Kurt Dostal _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

V.A. Treasurer's Report

NED, Inc.
Statement of Financial Position - Unposted Transactions Included In Report
As of 07/31/2023

	<u>Current Period Balance</u>
Assets	
General Cash	
Cash in Bank-BF #1695334	1,524.27
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	114,289.14
RLF-BankFirst 7884203	30,701.00
IRP Loan Loss Reserve-BankFirst 7884195	12,394.15
RBEG Loans-BankFirst 7884203	83,055.56
RMAP Loan Fund-BankFirst #7898549	20,582.07
IRP #2 Loan Fund-Bank First #7898560	67,058.95
RMAP LLR Fund-BankFirst #8571	11,861.31
NE Micro Loan Fund #1 BF 7911287	128,869.83
NDO Defederalized BF 1703694	2,392,947.54
NE Micro Loan Fund #2 BF 7911287	63,115.30
NE Micro Loan Fund #3 BF 7911287	33,570.32
IRP #2 Loan Loss Reserve - #7884195	32,663.30
NE Micro Loan Fund #4 BF 7911287	37,524.26
NE Micro Loan Fund #5 BF 7911287	16,431.81
NE Micro Loan Fund #6 BF 7911287	41,517.94
NE Micro Loan Fund #7	6,936.94
Housing Cash	
Trust DHA - EVB 3035418	293,821.22
HOME Rehab-BankFirst 7858547	309,028.46
Trust Rehab Pinnacle 4400292230	134,336.23
HOME DHA - EVBT 3067890	163,116.67
HOME Rehab Pinnacle 4400292249	120,348.86
Trust Rehab BF 7930372	72,656.67
HUD/NENEDD Rehab BankFirst 7930383	8,357.55
Receivables	
Grants Receivable	21,685.11
Business RLF Notes Receivable	
Business RLF Notes Receivable	47,846.75
Business IRP Notes Receivable	138,801.57
IRP #2 Notes Receivable	609,369.01
NDO Business Notes Receivables	3,518,184.01
RMAP Business Notes Receivable	209,298.38
NE Micro Loan Receivable	1,614,861.22
Housing Notes Receivable	
DHA Notes Receivable	1,836,369.10
Regional Rehab Notes Receivable	894,975.08
Fixed Assets	
Furniture and Equipment	2,250.00
Accumulated Depreciation	(2,250.00)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(2,841,260.65)
Total Assets	10,246,838.93
Liabilities	
Accounts Payable	
Accounts Payable	45,071.05
Notes Payable	
RMAP Loan Payable	231,897.22
IRP Loan Payable	147,106.63
IRP #2 Loan Payable	520,076.06

NED, Inc.
Statement of Financial Position - Unposted Transactions Included In Report
As of 07/31/2023

	<u>Current Period Balance</u>
Total Liabilities	<u>944,150.96</u>
Net Assets	
Other	<u>9,302,687.97</u>
Total Net Assets	<u>9,302,687.97</u>
Total Net Assets and Liabilities	<u>10,246,838.93</u>

NED, Inc.

**Statement of Revenues and Expenditures - Unposted Transactions Included in Report
From 07/01/2023 Through 07/31/2023**

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining
Revenues							
405	391.67	0.00	(391.67)	4,700.00	0.00	(4,700.00)	(100.00)%
421	416.67	1,605.00	1,188.33	5,000.00	1,605.00	(3,395.00)	(67.90)%
424	7,500.00	0.00	(7,500.00)	90,000.00	0.00	(90,000.00)	(100.00)%
427	845.83	0.00	(845.83)	10,150.00	0.00	(10,150.00)	(100.00)%
428	79.67	0.00	(79.67)	956.00	0.00	(956.00)	(100.00)%
439	20,833.33	0.00	(20,833.33)	250,000.00	0.00	(250,000.00)	(100.00)%
443	2,500.00	20,080.11	17,580.11	30,000.00	20,080.11	(9,919.89)	(33.07)%
444	250.00	500.00	250.00	3,000.00	500.00	(2,500.00)	(83.33)%
451	10,833.33	18,396.73	7,563.40	130,000.00	18,396.73	(111,603.27)	(85.85)%
452	116.67	75.00	(41.67)	1,400.00	75.00	(1,325.00)	(94.64)%
453	500.00	3,250.00	2,750.00	6,000.00	3,250.00	(2,750.00)	(45.83)%
454	1,000.00	1,673.24	673.24	12,000.00	1,673.24	(10,326.76)	(86.06)%
471	666.67	706.46	39.79	8,000.00	706.46	(7,293.54)	(91.17)%
490	3,000.00	6,018.18	3,018.18	36,000.00	6,018.18	(29,981.82)	(83.28)%
	48,933.84	52,304.72	3,370.88	587,206.00	52,304.72	(534,901.28)	(91.09)%
Expenditures							
523	16.67	0.00	16.67	200.00	0.00	200.00	100.00%
543	20.83	0.00	20.83	250.00	0.00	250.00	100.00%
548	8.33	0.00	8.33	100.00	0.00	100.00	100.00%
549	416.67	1,005.00	(588.33)	5,000.00	1,005.00	3,995.00	79.90%
553	845.83	180.00	665.83	10,150.00	180.00	9,970.00	98.23%
561	625.00	0.00	625.00	7,500.00	0.00	7,500.00	100.00%
573	923.92	438.40	485.52	11,087.00	438.40	10,648.60	96.05%
574	19,166.67	23,745.94	(4,579.27)	230,000.00	23,745.94	206,254.06	89.68%
580	12,083.33	0.00	12,083.33	145,000.00	0.00	145,000.00	100.00%
584	5,500.00	2,061.48	3,438.52	66,000.00	2,061.48	63,938.52	96.88%
	39,607.25	27,430.82	12,176.43	475,287.00	27,430.82	447,856.18	94.23%
	9,326.59	24,873.90	15,547.31	111,919.00	24,873.90	(87,045.10)	(77.78)%
Total Revenues Over (Under) Expenditures							

NED, Inc. Board Agenda

Object: Approve a \$50,000 loan to Elkhorn River Coffee Company, LLC in Scribner.

Contact Person: Jeff Christensen, Business Loan Specialist

For: Action

Background: Lisa Lawton is planning the startup of an espresso shop called Elkhorn River Coffee Company, LLC, (ERCC) to be located at 203 Railroad St. in Scribner. This is a great location right on the corner of well-traveled highway 275 at the main entrance to downtown Scribner. When completed, the business will have a drive-through with small area for inside seating. There will also be outside seating, on a back patio. They will offer the public a range of espresso coffee, teas and blended drinks using quality ingredients, much of which will be locally sourced. They will also offer smoothies, energy and other drinks. These can all be made hot on ice, or blended. There will also be a small offering of breakfast sandwiches, donuts, pastries. There will also be merchandise and coffee to purchase for home use. In the future they plan to offer lunch items such as soup and sandwiches.

The leased building is owned by Scribner Grain and was used as their office. She will be paying a minimal lease of \$100/mo., but Lawtons' will do the renovation to meet their needs. The location has plenty of room for a drive-up lane and parking. They plan to offer specialty drinks on their menu that will have a signature name and will have specially designed stickers for "sticker days" that will exemplify their philosophy of optimism and joy. They will also have a rewards program for those who frequently visit and will offer "Happy Hour" discounts during typically slower timeframes.

The total project costs are estimated to be \$85,000. This includes \$17,900 for building renovations, \$33,300 for furniture, fixtures, & equipment (FFE), \$6,290 for inventory & supplies, \$3,270 for misc., and \$24,240 for working capital. There is no bank involved in this project mainly due to the interest rate NED, Inc. offers. The Lawtons are requesting that NED, Inc. provide a loan in the amount of \$50,000 for renovations, FFE, inventory/supplies, and misc. Rural Enterprise Assistance Project (REAP) will provide a \$15,000 loan and the Lawtons are providing owner equity in the amount of \$20,000 cash. The project will create three jobs including Lisa.

Explanation:

Uses ↓	Sources →	NED, Inc.	REAP	Equity	Total
Renovation/Leasehold Imp.		\$17,900	-0-	-0-	\$17,900
Furniture, Fixtures, Equipment		\$22,540	\$10,000	\$760	\$33,300
Inventory, supplies		\$6,290	-0-	-0-	\$6,290
Misc.		\$3,270	-0-	-0-	\$3,270
Working Capital		-0-	\$5,000	\$19,240	\$24,240
Total		\$50,000	\$15,000	\$20,000	\$85,000

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
 Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

There is no bank involved in this project. NED, Inc. will lend \$50,000 to Elkhorn River Coffee Company, LLC for renovations, FFE, inventory/supplies, and misc. This loan will have a term of 10 years at an interest rate of 4.50% (fixed). NED, Inc. will have a first position UCC filing on the business personal property. NED, Inc. will require life insurance assignment from Lisa for the total amount of the loan for the life of the loan. NED, Inc. will also require a personal guaranty from Lisa and Michael and file a deed of trust on their personal residence in Scribner.

The Rural Enterprise Assistance Project (REAP) will lend \$15,000 for FFE and working capital. Their loan will have a term of 36 months at an interest rate of 7.25% and will be subordinate to NED, Inc.

The Northeast Revolving Loan Fund (RLF) committee was presented information on credit scores, net worth, collateral, and financial information as part of the loan summary and recommends this loan for approval.

Motion: Consideration for approval of a \$50,000 loan to Elkhorn River Coffee Company, LLC in Scribner.

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) **N** (Against Motion) **ABS** (Abstain) **A** (Absent)

NED, Inc. Board Agenda

Object: Approve subordination request on their personal residence from Ryan and Kristi Logemann, d/b/a Logemann Auto Parts and Machine, LLC in West Point.

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background: NED, Inc. approved and closed a \$175,000 loan (\$85,000 NED, Inc. funds, 15 yrs – 5.00% and \$90,000 West Point funds, 15 yrs – 2.75%) to Logemann Auto Parts and Machine, LLC (Ryan & Kristi Logemann, Members) in March 2017, to purchase Stigge Machine & Supply Co., an existing CARQUEST parts store business located at 590 South Main Street in West Point. F & M Bank in West Point also provided a \$350,000 loan for the purchase. All payments have been made on time as promised. Collateral includes a deed of trust on the Logemann’s personal residence in West Point, UCC filing on business assets of Logemann Auto Parts and Machine, LLC, personal guaranties, and assignment of life insurance. They currently have a \$40,000 Home Equity Line of Credit (HELOC) for improvements to their home they started in 2020. They now want to add an addition to their home and are asking for their HELOC to be increased to \$200,000.

Explanation: Ryan and Kristi are requesting that NED, Inc. subordinate to the increased line of credit on their personal residence. (HELOC) Chris Strehle, banker at F & M Bank in West Point, does not anticipate they will use the entire \$200,000, but wanted to have it available to them if they needed it.

The Northeast Revolving Loan Fund (RLF) committee was presented information on credit scores, net worth, collateral, and financial information as part of the loan summary and recommends this loan for approval.

Motion: Consideration for approval of loan subordination request on their personal residence from Ryan and Kristi Logemann in West Point.

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, Inc. Board Agenda

Object: Approve a \$250,000 loan to Lowell Jepsen to purchase Midwest Machine & Tool, Inc. in Columbus.

Contact Person: Jeff Christensen, Business Loan Specialist

For: Action

Background: Lowell Jepsen owns 50% of Midwest Machine & Tool, Inc. (MMTI) and is planning to buy out his business partner's 50% of the business. This includes the real estate company B & L Rentals, LLC. The location is 1216 E. 19th St. in Columbus. MMTI has been in business since 2000. The company produces machined parts from various materials ranging from plastics, aluminum, and steels from stainless to tool steels that can be hardened. To do this they have lathes, mills, EDM (Electrical Discharge Machining) and grinders. They also have heat treating to harden metal for extreme wear, or stress applications. They also do some welding, which they consider precision welding where they weld a part then machine it to an exact size or shape.

Their primary client is BD Medical. They also do a lot of work for Valley Irrigation. They are currently working within the borders of the United States except for jobs done from US based international customers. If you go to their website <https://www.mmti.us.com/> and click on the Parts Portfolio, Equipment List, and Facilities tabs, you will see their facility and all that they do.

The total project costs are \$2,807,500 which includes \$800,000 for the real estate, \$2,000,000 for MMTI business, and SBA fees. Jepsen's and Pinnacle Bank in Columbus are requesting that NED, INC. provide a loan in the amount of \$250,000 for the project. Pinnacle Bank in Columbus has approved a loan of up to \$1,200,000 for the purchase of MMTI and a \$800,000 loan for the purchase of the business real estate. SBA will provide a 7a guaranty on the MMTI purchase. Jepsen's will inject \$800,000 cash. The project will retain 19 jobs and add five new jobs.

Explanation:

Uses ↓	Sources →	Bank	NED, INC.	Equity	Total
Stock Purchase (Includes SBA fee)		\$957,500	\$250,000	\$800,000	\$2,007,500
Real Estate		\$800,000	-0-	-0-	\$800,000
TOTAL		\$1,757,500	\$250,000	\$800,000	\$2,807,500

Pinnacle Bank in Columbus has approved a loan of up to \$1,200,000 for the purchase of MMTI. The loan will be set up as a regular commercial loan fully amortized over a 10 year term at 7.75% (variable). The bank will have a first lien position on all chattels, equipment, inventory, tools, accounts and receivable as well as a first lienholder on the buildings and property housing the business. The bank will have an SBA 7a guarantee on this loan. Pinnacle Bank will also provide \$800,000 loan for the purchase of the business real estate over a 20 year term at 7.75% (variable)

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, INC. will lend \$250,000 to purchase 50% of Midwest Machine & Tool, Inc. This loan will have a term of 10 years at an interest rate of 4.50% (fixed). NED, INC. will have a subordinate deed of trust on the business real estate, subordinate lien on all business personal property, and personal guaranty from Lowell & Susan Jepsen. NED, INC. will also require an assignment of life insurance from Lowell for the amount of the loan for the life of the loan.

The Northeast Revolving Loan Fund (RLF) committee was presented information on credit scores, net worth, collateral, and financial information as part of the loan summary and recommends this loan for approval. Since this recommendation, Lowell has requested that NED, Inc. does not require a deed of trust on his personal residence.

Motion: Consideration for approval of a \$250,000 loan to Lowell Jepsen to purchase Midwest Machine & Tool, Inc. in Columbus.

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) **N** (Against Motion) **ABS** (Abstain) **A** (Absent)

NED, Inc. Board Agenda

Object: Approve a collateral change request to sell a portion of the Knotty Pine real estate in Petersburg and use the \$10,000 proceeds for working capital.

Contact Person: Jeff Christensen, NENEDD Business Loan Specialist

For: Action

Background: Loan Client: 3 C's Cleveland's Café & Catering, LLC, d/b/a Knotty Pine in Petersburg. - Pat & Hannah Cleveland, Members

Cleveland's are requesting NED, Inc. allow them to sell a portion of the Knotty Pine real estate to a neighbor. Proceeds of \$10,000 from this will be used for working capital for the business.

The Cleveland's have two loans with NENEDD & NED, Inc.

- NENEDD loan #316001 – original note was \$40,000 – 20 yrs/5.50%.
 - NENEDD loan was to purchase Julie's Café and Catering in Albion in 2015
 - Loan is to Pat & Hannah Cleveland personally.
 - \$50,000 Bank loan
 - Boone Co. & Albion Economic loaned \$30,000 combined
- NED, Inc. loan #620019 – original note was \$30,000 – 15 yrs/5.00%.
 - Purchased the Knotty Pine Restaurant in Petersburg in 2019
 - NED, Inc. loan was for renovations in 2020.
 - Loan is to 3 C's Cleveland's Café & Catering, LLC
 - \$62,000 Bank loan

All payments have been made as promised. Collateral for both loans include a subordinate deed of trust on both the Albion & Petersburg locations and subordinate UCC lien on the business personal property/chattels at each location, a Deed of Trust on Cleveland's personal residence in Petersburg, personal guaranty from Pat and Hannah for loan #620019, and life insurance assignment from Pat & Hanna for the amount of the loans.

As you may recall, approximately one year ago NED, Inc. subordinated an additional \$25,000 (total of \$50,000) for working capital from the bank to the Cleveland's as they were struggling at both businesses from the results of COVID. At that time Pat was also going through a cancer diagnosis but has since recovered and is doing fine. Hannah had pretty much taken over both the café/catering business in Albion and Knotty Pine in Petersburg. They made some adjustments to their menu and hours of operation at the café. They continue to be good to work with.

They are adjusting their menu prices and are working on a deal with the owner of the Cardinal Inn (Jerry Niewohner) in Albion. Cardinal Inn is expanding (doubling its size). Cleveland's may be exclusive caterer for events there at the Cardinal Inn. Pat will start getting VA benefits in the next couple months and will take on a part-time job with VA.

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

Explanation: They have an agreement with their neighbor to sell 45' from the survey line of their neighbor to their fence line. The land is currently not being used by the business. They are requesting that the sale proceeds of \$10,000 be used for working capital for the business and not used to pay down term debt. The parcel being sold will become part of the neighbor's backyard. There is already a fence located where the line is. There is a tin shed there that is not currently used, has little to no value, and will be torn down.

The Northeast Revolving Loan Fund (RLF) committee was presented information on credit scores, net worth, collateral, and financial information as part of the loan summary and recommends this collateral change for approval.

Motion: Consideration for approval of a collateral change to sell a portion of the Knotty Pine real estate in Petersburg and use the \$10,000 proceeds for working capital.

Shannon Stuchlik _____ Jim McCarville _____ Rich Jablonski _____
Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____ Jim Hans _____

Y (In Favor of Motion) **N** (Against Motion) **ABS** (Abstain) **A** (Absent)

NED, Inc. Board Agenda

Object: Recommendation to approve direct homebuyer assistance applicant #101781

Contact Person: Tina Engelbart, Deputy Director

For: Action

Background: Property Location: Columbus
 Purchase Price: \$235,000
 Appraised Value: \$235,000
 Primary Lender: Habitat for Humanity of Columbus, NE Inc
 Primary Mortgage Loan: 30-Year Conventional
 Interest Rate: 0% Fixed

Explanation: NED, Inc. Direct Homebuyer Assistance: \$30,000 – 0% Deferred Interest Loan – Due upon transfer of title

Estimated Loan to Value: 66%
 Ratios: Housing Debt to Income: 28% (ratio criteria per guidelines is maximum of 28%)
 Total Debt to Income: 32% - (ratio criteria per guidelines is maximum of 40%)
 Credit Score: 626

Explanation: Recommendation for approval is based on the following information:

Purchase Price	\$235,000.00
Primary Lender and NED Inc. Closing Costs	\$1,630.00
Subtotal	\$236,630.00
Maximum Bank Loan	\$156,000.00
NED, Inc. Direct Homebuyer Assistance (2nd lien position)	\$30,000.00
Buyer Cash Requirement	\$630.00
Other subordinate financing (HFH forgiven at end of 15-year period)	\$35,000.00
Other subordinate financing (FHLBank HSP Grant)	\$15,000.00
Monthly Gross Income	\$2,906.97
Monthly Housing Expense (Includes Principal, Interest, Taxes & Insurance)	\$800.00
Other Monthly Debts	
Automobile Payment	\$0.00
Credit Cards	\$118.00
Student Loan Debt	\$0.00
Total Housing Expense Plus Other Debt	\$918.00

Funding for this project will be provided by the NED, Inc. direct homebuyer assistance grant 20-TFHP-15004.

Motion: Consideration for approval for direct homebuyer assistance applicant #101781 in the amount of \$30,000.

Shannon Stuchlik _____ Jerry Engdahl _____ Jim McCarville _____
 Rich Jablonski _____ Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, Inc. Board Agenda

Object: Recommendation to approve direct homebuyer assistance applicant #101769

Contact Person: Tina Engelbart, Deputy Director

For: Action

Background: Property Location: Norfolk
 Purchase Price: \$167,000
 Appraised Value: \$185,000
 Primary Lender: Pinnacle Bank - Columbus
 Primary Mortgage Loan: 30-Year NIFA Conventional
 Interest Rate: 6.625% Fixed

Explanation: NED, Inc. Direct Homebuyer Assistance: \$30,000 – 0% Deferred Interest Loan – Due upon transfer of title

Estimated Loan to Value: 72%
 Ratios: Housing Debt to Income: 26% (ratio criteria per guidelines is maximum of 28%)
 Total Debt to Income: 33% - (ratio criteria per guidelines is maximum of 40%)
 Credit Score: 731

Explanation: Recommendation for approval is based on the following information:

Purchase Price	\$167,000.00
Primary Lender and NED Inc. Closing Costs	\$5,250.48
Subtotal	\$172,250.48
Maximum Bank Loan	\$120,000.00
NED, Inc. Direct Homebuyer Assistance	\$30,000.00
Buyer Cash Requirement	\$22,250.48
Other subordinate financing	\$0.00
Monthly Gross Income	\$4,401.72
Monthly Housing Expense (Includes Principal, Interest, Taxes & Insurance)	\$1,135.90
Other Monthly Debts	
Automobile Payment	\$286.00
Credit Cards	\$35.00
Student Loan Debt	\$0.00
Total Housing Expense Plus Other Debt	\$1,456.90

Funding for this project will be provided by the NED, Inc. direct homebuyer assistance grant 20-TFHP-15004.

Motion: Consideration for approval for direct homebuyer assistance applicant #101769 in the amount of \$30,000.

Shannon Stuchlik _____ Jerry Engdahl _____ Jim McCarville _____
 Rich Jablonski _____ Sally Ganem _____ Loren Kucera _____ Kurt Dostal _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, Inc. Board Agenda

Object: Recommendation to approve revised NED, Inc. NAHTF Owner-Occupied Rehabilitation (OOR) Reuse Program Guidelines

Contact Person: Tina Engelbart, Deputy Director

For: Action

Background: Program guidelines provide the outline for all rules and regulations that applicants and processors follow for successful project implementation.

Explanation: Per DED guidance, program guidelines should be reviewed annually and are required to include all items listed on a checklist they provide. Three revisions have been made to the most recent NED, Inc. NAHTF OOR guidelines as described below.

1. Since separate NAHTF Emergency Repairs were created, any mention of emergency repairs in **Section 3.1 Condition** was removed.
2. Removed mention of a self-help contract in **Section 7.0 Construction Process** as DED no longer allows self-help contracts.
3. Removed Section **16.1 Energy Conservation Code** as this section refers to new construction activities and these guidelines are specifically designed for owner-occupied rehabilitation projects only.

Motion: Consideration for approval of revised NED, Inc. NAHTF OOR Reuse Program Guidelines

Brad Albers _____ Shannon Stuchlik _____ Megan Weaver _____
Jerry Engdahl _____ Rich Jablonski _____ Jim McCarville _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, Inc. Board Agenda

Object: Recommendation to approve a three-month contract extension for NED, Inc NAHTF grant 20-TFHP-15004

Contact Person: Tina Engelbart, Deputy Director

For: Action

Background: The original contract end date for NED, Inc NAHTF grant 20-TFHP-15004 is August 11, 2023, and there is \$116,565 in remaining NAHTF funds to be expended.

Explanation: A contract extension is necessary to complete the two direct homebuyer assistance units in progress, as well as for the final reports and project drawdowns to be submitted to DED. The extension request is necessary due to Covid-19 pandemic related issues earlier during the grant contract period including a rapid increase in housing prices as well as rising non-housing inflation causing affordability declines, in turn putting a temporary halt to the homebuying process for LMI persons.

The current contract end date is August 11, 2023. The requested extension date is November 11, 2023. To date, seven of the ten contract units have been completed and \$123,435 in NAHTF direct homebuyer assistance funds have been expended in addition to \$60,000 in matching funds. The NED, Inc. Board of Directors assures us that a three-month extension will allow ample time to complete the two projects in progress expending an additional \$60,000 for a project total of \$243,435. No new applications for the program will be received after August 11, 2023, and no further contract extension dates or additional costs are anticipated.

Motion: Consideration for approval of three-month contract extension for NED, Inc NAHTF grant 20-TFHP-15004

Brad Albers _____ Shannon Stuchlik _____ Megan Weaver _____
Jerry Engdahl _____ Rich Jablonski _____ Jim McCarville _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

NED, Inc. Board Agenda

Object: Owner-occupied rehabilitation client #101722 Subordination Request

Contact Person: Kristen Rosner, Fiscal Officer

For: Action

Background:

In 2022, the Client was approved for owner-occupied rehabilitation on a home in Norfolk. This resulted in a 1% interest loan with a maturity date of December 2042. The current balance is \$24,159.01.

Explanation:

The client wishes to obtain a HELOC for debt consolidation. The HELOC would be \$20,000 with a fixed interest rate of 8.45% for three years and mature in 10 years. The interest-only payments would be \$145/mo for the first three years if the full \$20,000 was borrowed against the HELOC. The HELOC is to consolidate credit card debt.

The bank's internal appraisal values the property at \$290,000 when compared to recent home sales in the area. The total loan-to-value (including primary mortgage, HELOC and NED, Inc.'s OOR loan) would be 78.45%. The loan subordination would move NED, Inc. to the third lien position.

The subordination policy in the owner-occupied rehabilitation guidelines states:

4.2 Subordination Policy

All release or subordination requests must follow NED, Inc.'s subordination policy as follows:

- A. Maximum combined 80% Loan to Value policy on all "Cash Out" refinances or home equity loans where NED, Inc. remains in current lien position.
- B. Maximum combined 100% Loan to Value on "No Cash Out" refinances where NED, Inc. remains in current lien position.

All subordination documents must be provided by the lender requesting subordination. The borrower is required to pay all closing costs and filing costs associated with the refinancing or subordination. The NED, Inc. Board of Directors will determine whether a request for loan release or subordination is approved or denied.

Motion:

Consideration for approval of the subordination request of loan #101722.

Jim McCarville _____ Rich Jablonski _____ Sally Ganem _____
Jim Hans _____ Shannon Stuchlik _____ Loren Kucera _____ Kurt Dostal _____

Y (In Favor of Motion) N (Against Motion) ABS (Abstain) A (Absent)

VII.I Action Item

SUBORDINATION REQUEST

Applicant		101722
Original level		HOME OOR
Loan Amount		\$24,159.01
Loan Date		11/01/2022
	<u>Currently</u>	<u>Balance</u>
West Gate Bank, \$1,181/mo P/I/E, 3.125% interest fixed	1st Lien	183,336.00
NED, Inc. OOR, 20 years, 1% interest, \$114.56/mo P&I	2nd lien	24,159.01
	3rd lien	-
	Total	<u>207,495.01</u>
	<u>After Refinance</u>	
West Gate Bank, \$1,181/mo P/I/E, 3.125% interest fixed	1st Lien	183,336.00
NED, Inc. OOR, 20 years, 1% interest, \$114.56/mo P&I	2nd lien	24,159.01
HELOC, 10 year maturity, interest only payments of \$145/mo for first 3 years, 8.45% interest fixed for 3 years	3rd lien	20,000.00
	Total	<u>227,495.01</u>
Prepaid fees, closing costs & cash out		<u><u>20,000.00</u></u>

	<u>Loan to value Calculation</u>
Appraised Value of Property	Appraisal 290,000.00
Loan to value percent	<u>78.45%</u>
Total	<u><u>227,495.01</u></u>

Does the client wish to take cash out? Yes/No

Yes, \$20,000 HELOC for debt consolidation. The debt payments that will be eliminated total \$500/mo compared to the \$145/mo HELOC interest only payment. Debt to be eliminated is credit card debt.

Does request fall within the loan subordination policy of the guidelines? Yes/No

No. NED, Inc. would change lien positions from 2nd to 3rd. Board review required.