

FHA Development, Inc.

Board Meeting | September 21, 2020

Fayetteville Housing Authority office, Fayetteville, AR via Zoom

I. Roll Call

OLD BUSINESS

- A. Discussion: Financing for Hillcrest Towers expansion construction
  - a. Potential loan for 2.75% interest for 25 years
  - b. Would need loan guarantor
- B. Discussion: Financing for pre-development costs
  - a. Potential \$400,000 loan for low interest rate for 6 months
  - b. Could be bank financed if \$400,000 in CDs were on deposit with bank
  - c. Would be paid off when construction loan is initiated
- C. Discussion about Resolution 11 & 12 approved February 27, 2020: HOME Loans and National Housing Trust Fund (NHTF) financing for Magnolia Court
  - a. Propose dividing project into 2 phases: \$2.4M (approximately \$89,000/unit)
    - i. Each phase would result in \$900,000 HOME loan application (Total \$1.8M at 1% interest for 25 years)
    - ii. NHTF grant of \$600,000 (5 units allocated to residents that make 30% AMI; can be paired with HCV voucher)
    - iii. This would pay off 1<sup>st</sup> Mortgage from Bancorp South, 2<sup>nd</sup> Mortgage, and provide money for renovation
    - iv. Propose 10% developer fee of construction costs (approximately \$110,000)
  - b. Propose hiring Strategic Realty Group as consultant to ensure proper compliance with HOME Loan and NHTF – split developer fee 2% Strategic Realty/8% FHA Development, Inc.
- D. Discussion: Financing for 2<sup>nd</sup> Mortgage for Magnolia Court (\$200,000 within 4 months or 20% penalty)
- E. Resolution 25: Authorization for Executive Director Belford to re-finance 2<sup>nd</sup> Mortgage of Magnolia Court
- F. Approval of Minutes of Regular Board Meeting August 24, 2020 and August 27, 2020

NEW BUSINESS

- A. Approval of 2020-2021 FHA Development, Inc. Budget

ADJOURNMENT