

PUBLIC NOTICE
SUBSTANTIAL AMENDMENT TO THE 2020 FIVE-YEAR CONSOLIDATED PLAN
AND
2022 ANNUAL ACTION PLAN

The City of Birmingham intends to make application to the U.S. Department of Housing and Urban Development (HUD) for the use of Section 108 Loan Guaranty Funds in an amount not to exceed \$ \$25,200,000.00 . The purpose of the Section 108 Loan Fund is to assist with equitable investments in economic, housing, and community development activities throughout the City of Birmingham. Goals of the Section 108 Loan Fund include acquiring land for redevelopment, revitalizing housing stock, development of new public facilities and directly assisting businesses, nonprofits, and real estate development projects that produce a public benefit. Individual projects are proposed to be evaluated by a loan and investment committee involving City and community representatives, led by the Department of Neighborhoods.

The City of Birmingham Section 108 loan pool will be administered by the Community Development Department including application intake, underwriting, closing, servicing and reporting oversight. A loan committee consisting of representation from the Community Development Department , Department of Innovation and Economic Development, as well as philanthropic and financial institution partners will review and recommend projects for approval by the Birmingham City Council and Mayor.

The Substantial Amendment to the 2020 Five-Year Consolidated Plan, 2022 Annual Action Plan, and City of Birmingham Section 108 HUD Application will be available for review beginning **Thursday, July 6, 2023**, on the website of the following entities:

Community Development Department

10th Floor, City Hall

710 20th St

Birmingham, AL 35203

website: <https://www.birminghamal.gov/community-development/>

Department of Innovation & Economic Development

710 20TH Street

Birmingham, AL 35203

website: <https://ieo.birminghamal.gov/about-us/>

A public hearing on the Substantial Amendment to the 2020 Five-Year Consolidated Plan, 2022 Annual Action Plan, and City of Birmingham Section 108 HUD Application is scheduled as follows:

Thursday, Aug 3 2023, 5:30 p.m., by Virtual Hearing

Please click the link below to join the webinar:

<https://birmingham.webex.com/birmingham/j.php?MTID=m8b7283ad5ee411641d8c7b76a64fdd9b>

Webinar number:

2494 124 8889

Webinar password:

J3px6pB4ZiW

Join by phone

+1-415-655-0002 United States Toll

+1-312-535-8110 United States Toll (Chicago)

Access code: 2494 124 8889

The City of Birmingham will also receive comments from the public in writing beginning **Thursday, July 6, 2023**, through **Thursday, August 4, 2023**, at the following address:

CITY OF BIRMINGHAM
COMMUNITY DEVELOPMENT DEPARTMENT
2020 SUBSTANTIAL AMENDMENT #1
10TH FLOOR, CITY HALL, CITY HALL
BRMIGNHAM, AL 35203

Specific projects selected for the Section 108 Loan Pool funding will be identified through a rolling application process that will evaluate compliance with Section 108 National Objectives and Public Benefit Criteria; financial feasibility including the ability to support debt service; cost reasonableness; developer or business experience and capacity; leveraging of other funding sources; and readiness to proceed.

The City will prioritize investments in projects using Section 108 Financing that are located in targeted neighborhood revitalization areas; and promote equity and equitable development. Equitable development projects will include projects that support investments in communities and neighborhoods of color or provide financing to developers, businesses, or organizations. The City may elect to support non-income producing projects and use a portion of annual CDBG allocation as a source of repayment.

The City of Birmingham supports the provisions of the Americans with Disabilities Act. If you would like to request a reasonable accommodation, please contact the City of Birmingham's ADA coordinator at (205) 205-581-301.

**City of Birmingham, AL – Substantial Amendment
2020 HUD Consolidated Plan and 2022 Annual Action Plan**

Section 108 Loan Program Summary

The City intends to apply to the U.S. Department of Housing and Urban Development (HUD) for the use of Section 108 Loan Guarantee Funds in an amount not to exceed \$25,200,000.00 to establish a loan pool. purpose of the Section 108 Loan Pool is to assist with equitable investments in economic, housing, and community development activities throughout the City of Birmingham. Goals of the Section 108 Loan Fund include acquiring land for redevelopment, revitalizing housing stock, development or revitalization of public facilities and directly assisting businesses, nonprofits, and real estate development projects that produce a public benefit. The City will establish a loan committee to evaluate specific transactions eligible for funding. The Section 108 Loan Guarantee program and loan committee will be administered by the Community Development Department.

Section 108 National Objectives and Public Benefit Criteria

The City's Section 108 Loan Pool will be administered consistent with the city's HUD Consolidated Plan and Annual Action Plan. There are specific National Objectives, as defined by HUD, which this loan pool will address. Title 24 of the U.S. Code of Federal Regulations (CFR), Section 570.208, defines the criteria under which an activity may meet Section 570.200(a)(2), National Objectives. Section 570.200(a)(2) requires that all CDBG activities meet one of three national objectives. These objectives are to: 1) benefit low- and moderate-income families, 2) aid in the prevention or elimination of slums or blight, and 3) meet other urgent community development needs that pose a serious and immediate threat to the health or welfare of the community. Each project funded through the Section 108 Loan Pool will meet one of these National Objectives as detailed in Section 570.208.

Section 108 loans will benefit the public directly and indirectly by allocating funds for development projects that would not occur in their absence. Development activities such as rehabilitation, acquisition, clearance, demolition, new construction as applicable, and removal will be permissible through the Section 108 Loan Pool. The application of Section 108 loans covered under Section 570.703(a): "acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development purposes" will be a vital resource to advance equitable development projects in Birmingham. The Section 108 Loan Pool will be a tool to bring real estate and community development projects to fruition in the City, while leveraging other public, philanthropic, and private resources.

Loan Activities

Section 108 funded projects will benefit residents of the City of Birmingham as they will either provide opportunities for low and moderate-income residents to access permanent residential housing, public facilities, or will permit other economic development activity to take place. Other economic development activity must be targeted either to citizens in a geographic area where at least 51 percent of residents are of low or moderate income or to groups of citizens residing anywhere within the city in which at least 51 percent of beneficiaries are of low or moderate income. The last possible usage of the loan funds is to provide jobs for individuals, of which at least 51 percent of said jobs employ persons of low or moderate income.

The Section 108 Loan Pool is intended to utilize four primary eligible activities:

- Special Economic Development (24 CFR 570.703(i) and 24 CFR 570.203/204)

**City of Birmingham, AL – Substantial Amendment
2020 HUD Consolidated Plan and 2022 Annual Action Plan**

- Acquisition of Real Property (24 CFR 570.703(a))
- Housing Rehabilitation (24 CFR 570.703(h))
- Public Facilities and Improvements (570. 201(c))

As required by Title 24 of the CFR, Section 570.209, one of the underwriting objectives for the Section 108 Loan Fund is to avoid substituting CDBG funds for non-Federal financial support. Additionally, the creation of Birmingham’s Section 108 Loan Fund will create jobs for low- and moderate-income persons, provide services to a low-income area and/or eliminate conditions of blight in the City. The specific hiring parameters for jobs created or retained through Section 108 funds may not exceed \$50,000 per full-time permanent job created by the CDBG assistance, or \$1,000 per low- and moderate-income person aided by the creation of the activity. The goal of using Section 108 funds to lend to businesses that invest in real estate activities is to create net new jobs in the City of Birmingham, especially on behalf of individuals meeting the low to moderate income criteria.

Section 108 loans will be used for traditional lending, in addition to short-term financing. An example of the type of loans that the Section 108 Loan Fund may provide is short-term monies dedicated to bridging a financial gap for economic development projects that will utilize local and state investments in the future, but which need immediate assistance in gathering initial financing.

Financial Guarantees, Reporting, and Usage

If the City’s Section 108 Loan Guarantee Fund is approved by HUD, any potential borrowers will be obligated to send quarterly reports to the City detailing job creation resulting from Section 108 Loan Funds. Collateral needed to secure a loan through the Section 108 Loan Pool includes real property assets, personal and/or corporate guarantees, and pledge of future CDBG allocation.

Priority Projects for Funding

The city will prioritize investments in projects using Section 108 financing that promote equity and equitable development. Equitable development projects will include projects that support investments in communities and neighborhoods of color or provide financing to BIPOC-led developers, businesses, or organizations. The city may elect to target projects in geographic areas or neighborhoods that align with other priorities for funding (e.g., Choice Neighborhoods, etc.). The city may elect to support non-income producing projects and use a portion of our annual CDBG allocation as a source of repayment.

Section 108 Loan Pool Application



Birmingham, AL

May, 2023

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Exhibit A: Project Description

The City of Birmingham wishes to establish a Section 108 Loan Pool of approximately \$25 million. The Loan Pool will be available to prospective borrowers (including Non-profit organizations, for-profit entities and the City) citywide and provides a ready source of long-term, fixed-rate and reasonably priced financing that is not available conventionally. The Loan Pool will bridge financing gaps and enable borrowers to proceed with their respective transactions; create and retain jobs; increase affordable housing; advance equity and equitable development opportunities and expand the existing tax base. Equitable development projects will include projects that support investments in communities and neighborhoods of color or provide financing to BIPOC-led developers, businesses, or organizations.

Although the Loan Pool will be available to eligible borrowers citywide, the City will prioritize investments in projects using Section 108 Financing that are in targeted neighborhood revitalization areas including

Apple Valley	Industrial Center	North Birmingham
Fountain Heights	Smithfield Estates	West Brownville
Pine Knoll Vista	Crestline	Echo Highlands
Arlington - West End	Jones Valley	North Pratt
Germania Park	South East Lake	West End Manor
Powderly	Dolomite	Enon Ridge
Belview Heights	Killough Springs	North Titusville
Graymont Riley	Roebuck Springs	West Goldwire
Bridlewood	Druid Hills	Ensley Norwood
Green Acres	Kingston	Woodland Park
Rising West Princeton	South Titusville	Ensley Highlands
Brown Springs	East Brownsville	Oak Ridge Park
Hillman	Maple Grove	Woodlawn
Roebuck	Spring Lake	Evergreen
Bush Hills	East Lake	Oakwood Place
Hillman Park	Mason City	Zion City
Roosevelt	Tarpley City	Fairview
Central Park	East Thomas	Penfield Park
Huffman	North Avondale	
Smithfield	Tuxedo	
College Hills	Eastwood	
Acipco-Finley	Gate City	South Pratt
Garden Highlands	Sherman Heights	Brummitt Heights
Sandusky	Brownsville Heights	Harriman Park
Airport Highlands	Grasselli Heights	

South Woodlawn
Central Pratt
Hooper City
Thomas
Collegeville

Inglenook
Wahouma
East Birmingham
North East Lake
Wylam

Fairmont
Oak Ridge

The City may elect to support non-income producing projects and use a portion of annual CDBG allocation as a source of repayment.

The City anticipates the eligible activities it will fund are housing rehabilitation, acquisition of real property, economic development and public facilities (see Exhibit B). For each individual transaction, staff will properly document an eligible activity, a national objective and appropriateness (if applicable).

The City has developed Underwriting Guidelines to ensure the individual projects conform to a low risk profile (see Exhibit F). There are separate guidelines for income-producing properties, business loans and public facilities. In addition, there is a 1% spread over the cost of funds for private borrowers. The spread will serve as a loan loss reserve for the Section 108 portfolio. The credit subsidy fee will be added to the fully loaded budget and funded by one of the sources in the capital structure.

The City will establish a delivery system for each component of the implementation process (see Exhibit H). The City has procured technical assistance in preparing the Section 108 application and in establishing a delivery system to implement the program. The Enterprise Community Partners technical assistance team has extensive experience in each component of the delivery system and will provide staff with checklists and guides for each subsystem.

As individual transactions are identified in the future, first staff will screen the proposed ventures for conformance to eligibility and credit thresholds. Those projects passing the screening process will then proceed to the completion of an Eligibility Determination to HUD. The Eligibility Determination will document how the project satisfies an eligible activity, a national objective, the Underwriting Criteria approved in the Loan Pool application and if applicable, appropriateness (Appendix A and public benefit).

The City is current screening two prospective individual transactions for conformance to eligibility and Underwriting Criteria. One transaction involves an Economic Development Eligible Activity and the other involves Affordable Housing. A number of potential issues have surfaced from the initial review and staff has requested further information for clarification.

These projects have come to the City's attention despite no marketing effort. Once the Loan Pool is approved, the City will actively expand its marketing delivery.

Exhibit B: Eligible Activities

The Section 108 Loan Pool is intended to utilize four potential eligible activities:

- Special Economic Development (24 CFR 570.703(i) and 24 CFR 570.203/204)
- Acquisition of Real Property (24 CFR 570.703(a))
- Housing Rehabilitation (24 CFR 570.703(h))
- Public Facilities (24 CFR 570.703(l))

As staff identifies individual projects, they will document compliance with one of the eligible activities. For transactions utilizing the eligible activity of special economic development, staff will document conformance with the appropriateness criteria, including public benefit.

Exhibit C: National Objective

The Loan Pool anticipates utilizing the national objectives of benefitting low and moderate-income citizens via job creation/ retention (24 CFR 570.208(a)(4)); eliminating slums and blight on an area basis (24 CFR 570.208(b)(1)) or housing occupancy (24 CFR 570.208(a)(3)). If applicable, the City may also utilize LMI area benefit (24 CFR 570.208(a)(1) regarding public facilities or economic development projects in which the applicable service area provides goods or services to predominately LMI neighborhoods.

If applicable, the City will utilize the presumption provision. In order for a grantee to presume a job is LMI, it must document compliance with two tests. The first is that the poverty rate of the census tract must equal or exceed enumerated thresholds (greater than 20%; 30% for projects located in a CBD). The second is that the grantee must document that the activity is located in an area of pervasive poverty or general distress (generally the project is located in a block group with a poverty rate above 20%). In the event the City utilizes eliminating slums and blight as a national objective, it will also document compliance with the 70% rule (70% of expenditures benefit LMI citizens over a one, two or three-year accounting period).

The City reserves the right to utilize any National Objective enumerates in 24 CFR 570.208, including limited clientele.

EXHIBIT D: SOURCES AND USES OF FUNDS

USES OF FUNDS

INDIVIDUAL TRANSACTIONS	31,250,000
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SOURCES OF FUNDS

SECTION 108	25,000,000	80%
EQUITY	6,250,000	20%
TOTAL	31,250,000	

*NOTE: Minimum numbers- Each individual project will vary according to private financing and other sources of funds.

GOOD FAITH ALLOCATION AMONG ELIGIBLE ACTIVITIES

Section 108 \$

• Special Economic Development (24 CFR 570.703(i) and 24 CFR 570.203/204)	14,000,000
• Acquisition of Real Property (24 CFR 570.703(a))	2,000,000
• Housing Rehabilitation (24 CFR 570.703(h))	6,000,000
• Public Facilities (24 CFR 570.703(l))	3,000,000
TOTAL	25,000,000

REPAYMENT SCHEDULE

AMORTIZATION

AMOUNT	25,000,000		
RATE	4.42%	10-Year Treasury	3.52%
TERM	20	Spread	0.90%
AMORTIZATION PERIOD	20		
INTEREST ONLY	0		

YEARS	1	2	3	4	5	6	7	8	9
BEGINNING BALANCE	25,000,000	24,196,396	23,357,273	22,481,061	21,566,120	20,610,738	19,613,129	18,571,425	17,483,678
PAYMENT	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604
INTEREST	1,105,000	1,069,481	1,032,391	993,663	953,222	910,995	866,900	820,857	772,779
PRINCIPAL	803,604	839,123	876,212	914,941	955,381	997,609	1,041,704	1,087,747	1,135,825
ENDING BALANCE	24,196,396	23,357,273	22,481,061	21,566,120	20,610,738	19,613,129	18,571,425	17,483,678	16,347,853
ROUNDING PRINCIPAL TO NEAREST 000'S	804,000	839,000	876,000	915,000	955,000	998,000	1,042,000	1,088,000	1,136,000

10	11	12	13	14	15	16	17	18	19	20	
16,347,853	15,161,824	13,923,373	12,630,182	11,279,832	9,869,797	8,397,438	6,860,001	5,254,609	3,578,259	1,827,814	
1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	1,908,604	38,172,078
722,575	670,153	615,413	558,254	498,569	436,245	371,167	303,212	232,254	158,159	80,789	13,172,078
1,186,029	1,238,451	1,293,191	1,350,350	1,410,035	1,472,359	1,537,437	1,605,392	1,676,350	1,750,445	1,827,814	25,000,000
15,161,824	13,923,373	12,630,182	11,279,832	9,869,797	8,397,438	6,860,001	5,254,609	3,578,259	1,827,814	(0)	
1,186,000	1,238,000	1,293,000	1,350,000	1,410,000	1,472,000	1,537,000	1,605,000	1,676,000	1,750,000	1,830,000	25,000,000

Exhibit F: Additional Security

The primary security for the Section 108 Loan Pool is the underwriting guidelines that follow in this exhibit. The portfolio will conform to the low risk profile. Moreover, the City will add a spread of 1% over its cost of funds to private borrowers. At current rates, this equates into the present value equivalent of a 7% to 8% loss reserve.

Beyond the pledge of the CDBG entitlement funds as required by statute, the grantee will assign all security interests (assignment of cash flow or rents; liens/mortgages/deeds of trust; corporate/ personal guarantees; debt reserves; etc.) to HUD as additional security.

Underwriting Guidelines- Businesses

Definition

User transactions involve projects in which debt service is repaid from cash flow generated by an operating business- either from the production of a good or from the provision of a service. Whether a retail store, a wholesaler, a manufacturer or an accounting firm, all transactions, large and small, are analyzed in the same disciplined manner.

Numerically, business projects are defined as follows (a C-Corp): Net

Sales

Less: Cost of Goods Sold (Usually Nominal in a Service Business)

Equals: Gross Margin Less:

Operating Expenses Equals:

Operating Profit

Less Non Operating Expenses Equals:

Earnings Before Tax Less: Taxes

Equals: Net Profit After Tax

Project Review

Staff will review transactions on two levels: 1) upfront evaluation to determine whether the loan should be made (credit and federal eligibility) and 2) an annual review to determine whether reserves, collateral and additional security are sufficient. The annual credit review will ensure that the reserves are consistent with risk profiles over time.

Credit Criteria

There are six credit criteria for business transactions. Although the criteria are similar for real estate projects, the process of analysis is materially different.

- Ability to Repay
- Collateral
- Commitment of Entrepreneur
- Adequacy of Balance Sheet
- Management Experience
- Character

All of the criteria are important and a material deficiency in any criterion may be sufficient to decline a loan request. In general, compilation financial statements are sufficient although small firms may only have tax statements available.

Ability to Repay

The ability to repay is generally determined by the debt coverage ratio. It is defined as gross cash flow divided by proposed and existing debt service. Unless a loan is subordinated in repayment to the Section 108 obligation, the debt service of all loans is included in the denominator.

In calculating gross cash flow, the analyst will include existing net profit after tax (if a C- Corp) plus depreciation. Moreover, the analyst can add any after-tax savings related to the proposed transaction, including discretionary expenses, rent savings, reduction of taxes due to increased depreciation and interest expenses, extending the maturities or maturation of existing debt, etc. Conversely, the analyst must net out the after-tax effect of any increased expenses, such as ad valorem tax, insurance, etc.

Since gross cash flow must fund additional capital expenditures and incremental working capital needs in addition to debt service (particularly for growing companies), the analyst must ensure the business has sufficient cash flow and/ or additional debt capacity to fund all cash needs.

For existing businesses, the analyst will spread financial statements a minimum of three years and observe trends in sales and profit growth, analyze operating costs as a percentage of sales and on an incremental basis, reconcile net worth from one period to the next and trace changes in cash position between statements.

Collateral

As a second means of repayment, staff will require specific liens on assets for all loans. The City will require verification of value from independent, qualified parties. Concerning appraisals for real estate, the analyst will ensure that the appraiser is acceptable to any co-lending conventional lender. The appraiser must be state certified and have experience with projects similar in size and scope to the subject. The borrower will pay for the appraisal; however, staff or a conventional lender will commission the document. The City will recognize the lower of cost or value and will scrutinize the methodology the appraiser utilizes to derive a reconciled value.

In general, staff will evaluate the adequacy of the collateral by using a loan to value ratio. The thresholds are enumerated for each classification of asset financed in the risk profiles.

Commitment

Third party borrowers must evidence commitment through the investment of equity and the pledge of corporate and personal guarantees for any owner or principal with an ownership interest equal to or greater than 20%. The City will have discretion in accepting limited guarantees or in very rare occasions, waiving the requirement for personal guarantees.

Adequacy of the Balance Sheet

The analyst will spread the balance sheet over time (minimum of three years) and will evaluate several quality indicators. The analyst will relate all of the measures to peers in their respective industries with any material disparities requiring further inquiry.

In addition to the following measures, the analyst will reconcile net worth and changes in sources and uses of cash between financial statements. Since the company's survival is dependent upon its capacity to generate cash, the analyst must ensure that all cash needs (debt service, working capital, capital expenditures) are met.

Receivables

The analyst will calculate day's receivable and request an aging of receivables for periods of 0-30, 30-60, 60-90 and 90+ days. Unless there is a compelling reason, all receivables in excess of 90 days will be deemed uncollectable. The analyst will also evaluate the credit quality of the receivables in addition to detecting concentrations of sales and receivables to any one customer.

The Days Receivables is calculated by dividing sales into receivables and multiplying the result by the number of days in the period covered by the financial statements. The day's receivables is the average collection period of the business, which is then compared to the terms the company extends. The analyst will look at the trend over time. These two simple measures will give the analyst a good indication of the ability of the company to collect its accounts and the quality of the receivables.

$$\text{Days Receivables} = \frac{\text{Receivables}}{\text{Days In Period Sales}}$$

Inventory

The analyst will also compute a day's inventory ratio and an inventory turnover ratio. The Days Inventory is calculated by dividing inventory by cost of goods sold and multiplying the result by the number of days in the period. The Days Inventory is a rough calculation of the average number of days of cash flow relative to volume that the company has invested in inventory.

Inventory Turnover is defined as cost of goods sold divided by inventory and is the average number of times the inventory turned during the accounting period. The analyst will observe changes in these computations over time.

The inventory analysis is more relevant to non-service businesses since most service businesses have small or nominal amounts of inventory. If the transaction involves a relatively large manufacturing firm, the analyst may request an itemization of inventory as to raw materials, works-in-progress and finished goods. In some situations, an itemization as to

product line may be needed.

The two simple measures will give the analyst a good indication of the ability of the business to manage its inventory and its quality.

$$\text{Days Inventory} = \frac{\text{Inventory}}{\text{COGS}} \times \text{Days In Period}$$

$$\text{Inventory Turnover} = \frac{\text{COGS}}{\text{Inventory}}$$

Days Payables

The analyst will calculate Days Payables which is defined as payables divided by cost of goods sold times the number of days in the accounting period. The analyst will compare this number to the terms its suppliers extend to the company. Moreover, the analyst will request an aging of payables on a similar schedule as that specified for receivables.

Unless proven otherwise, the analyst will assume that a payable in excess of 90 days is reason for the affected supplier to discontinue business with the prospective borrower. In addition, the analyst will note whether the business is exploiting discounts.

$$\text{Days Payables} = \frac{\text{Payables}}{\text{COGS}} \times \text{Days In Period}$$

Days Accruals

The analyst will calculate Days Accruals which is defined as accruals divided by cost of goods sold times the number of days in the period. If the number is high the analyst will request an itemization and ensure that the company is not raiding its payroll withholding accounts.

$$\text{Days Accruals} = \frac{\text{Accruals}}{\text{COGS}} \times \text{Days In Period}$$

Debt/ Worth

The analyst will determine the Debt/ Worth Ratio, which is defined as total liabilities divided by net worth of the company. Concerning officers loans, the amount may be treated as equity (subtracted from debt; added to equity) if the obligation is subordinated in both repayment and collateral. Unless there is a compelling reason, the analyst will subtract notes receivable-officers and intangible assets from net worth. Any assets reflecting value rather than cost will be reduced to book value (or adjusted basis for real estate deals) unless justified.

Since the anticipated market for the loans are small and medium sized businesses and since many small to mid-market companies hold assets personally, there are no minimum standards for this measure. The analyst and loan committee must use their judgment to ensure that the principals are not bleeding the company, that debt is reasonably managed;

that the corporate guaranty has value and that there is adequate security for the loan.

$$\begin{array}{rcl} \text{Debt to Worth} & = & \text{Debt - Subordinated Officer's Loan} \\ & & \text{-----} \\ & & \text{Net Worth + Subordinated Officer's Loan} \end{array}$$

Schedule of Debt

The analyst will obtain a schedule of installment debt including the original amount, outstanding balance, maturity, interest rate, debt service, balloon payments and security for the loan. The analyst will note any pending balloon payments and whether assets (uses) are matched to loans (sources) as to maturity.

The analyst will spread the financial statements and discern trends over time. Moreover, the analyst will review the reconciliation of net worth and the changes in cash position from year to year, which traces the sources and uses of cash. The analyst must ensure that the company is generating sufficient cash sources to repay all cash needs (debt service, working capital and capital expenditures). In general, compilation statements are sufficient for review although small firms may only have tax returns. The analyst should not employ any measure as an absolute as many are relative to specific SIC codes and other factors.

Management Experience

The management team should have direct experience in all phases of business: marketing, finance, production and operations. The management team includes not only owners and principals but also outside contractors and anyone who materially participates in the business.

Character

The principals of the company should have a good credit history, no recent bankruptcies and their past should suggest that he/ she will proceed on the project in a reasonable, legal and professional manner.

Risk Profiles

Low to Moderate Risk

Low to moderate risk loans will comprise the entire Section 108 portfolio. Low to moderate risk business transactions will primarily fund real estate projects for existing, expanding companies.

- Ability to Repay

The low to moderate risk project has a minimum debt coverage ratio of 1.20. Accordingly, there is \$1.20 of cash flow available for each \$1 of existing and proposed debt service. The business must be in existence at least three years and meet the debt coverage ratio for the past year from historical cash flow although the analyst may include net after-tax savings associated with the transaction. In addition to repaying debt, the analyst must ensure there is sufficient cash flow or additional debt capacity to fund incremental cash needs for working capital and capital expenditures.

- Collateral

The City will utilize the following *maximum* loan to value ratios for low risk projects:

Real Estate:	Up to 80%
Personal Property:	Up to 75%
Inventory	Up to 60%
Receivables	Up to 75%

"Collectively, the collateral described or identified in (i) – (iv) shall be referred to as the "Collateral", and shall be subject to the requirements in (v):

(i) Real Property and Fixtures: A lien on real property together with any fixtures located on and any personal property affixed to, installed in, or attached to the real property, whether now owned or hereafter acquired (the "Real Property"), established through an appropriate and properly recorded mortgage or deed of trust signed by the Business Borrower as mortgagor and securing repayment of the indebtedness evidenced by the Business Note, which shall contain such provisions as the Secretary deems necessary, and which must be in a form acceptable to the Secretary, including any subsequent amendments thereto. Such lien may be subordinated to another lien on the property; provided, however, that the principal amount of the aggregate of the Business Loan secured by the Real Property and the other indebtedness secured by a mortgage lien of senior or equal priority on the Real Property shall not exceed an amount equal to 80 percent of the "as completed" appraised fair market value of the Real Property.

The lien on Real Property shall be accompanied by a lien on any and all rights, titles, and interests of the Business Borrower in and to any leases covering the Real Property and any rents derived from the Real Property. Such rights, titles, and interests shall be the subject of an appropriate and properly recorded collateral assignment of leases and rents, which shall be in a form acceptable to the Secretary

The lien on Real Property also shall be accompanied by a lien on any and all rights, titles, and interests of the Business Borrower in and to any permits, licenses, agreements, and other intangible personal property rights covering the Real Property, including but not limited to water

rights, air rights, utility connection rights, or insurance policies held by the Business Borrower with respect to the Real Property, whether now owned or hereafter acquired, and which are used in connection with the maintenance, use, occupancy or enjoyment of the Real Property. Such rights, titles, and interests shall be the subject of a collateral assignment of interest in licenses, permits, and other agreements, which shall be in a form acceptable to the Secretary.

The pledges and assignments required by this subparagraph (i) and related Security Agreements required by subparagraph (v) may be made in the instruments identified therein, or in a single instrument (individually or collectively, the "Business Borrower Mortgage, Assignment, Security Agreement, and Fixture Filing"), which shall be signed by the Business Borrower, shall contain any provisions the Secretary deems necessary, and which must be in a form acceptable to the Secretary, including any subsequent amendments thereto.

(ii) Machinery and Equipment or Other Personal Property: One or more security interests in machinery and equipment ("M&E"), accounts receivable, inventory, or other items of personal property (collectively, the "Personal Property," and security interests therein the "Security Interests in Personal Property"). The Security Interests in Personal Property may be subordinated to another lien; provided, however, that in all cases, regardless of subordination, the principal amount of the Business Loan secured by the Personal Property shall not exceed an amount determined as follows:

(A) in the case of used M&E, not more than 90 percent of the appraised net liquidation value, less the outstanding balance of other indebtedness secured by a senior security interest in such M&E; and

(B) in the case of new M&E, not more than 80 percent of the purchase price thereof, less the outstanding balance of other indebtedness secured by a senior security interest in such M&E; and

(C) in the case of accounts receivable, not more than 80 percent of the average of the ending balances of the last three years of accounts receivable, less the outstanding balance of other indebtedness secured by a senior security interest in said accounts receivable; and

(D) in the case of inventory, not more than 50 percent of the average of the ending inventory balances of the last three years, less the outstanding balance of other indebtedness secured by a senior security interest in said inventory."

- Commitment

Low to moderate risk transactions will require general liens in the form of corporate and personal guarantees. In general, all principals with a 20% ownership in the project must sign personally, with the loan committee having the discretion to allow limited guarantees.

- Balance Sheet

The low to moderate risk transaction has a balance sheet which indicates that the company adequately manages its receivables, inventory, debt and accruals. Moreover, management reinvests sufficient profit back into the company and generates adequate cash flow to fund its operating and non-operating cash needs.

- Management

The low to moderate risk company must evidence that the management team has direct experience in all phases of the business- marketing, pricing, operations, financial, personnel, etc.

- Character

The principal and the business should have a good credit history and sound reputations.

Underwriting Guidelines- Public Facilities

If the City undertakes a public facility, it is likely that the asset will not generate income (an exception is a supplemental ad valorem tax for industrial parks or other non-LMI entities). In that event, the City will pledge income streams or assets that are sufficient to adequately secure the Section 108 obligation.

- If an income stream is the security, staff will evaluate the historical cash flow and secure a projection of future cash flows for the term of the Section 108 loan. Staff will then discount the future cash flows to a present value using the interest rate forecast for the Level # 2 loan plus a 50 basis point premium. The discounted present value must equal 125% of the Section 108 loan amount (equivalent to a 80% Loan to Value).
- If assets are the security, the City will secure a qualified appraisal of the property. The property must not be “specialized” and the value should adjust for any deficiencies or “cost to cure”. The asset have a minimum value sufficient to conform to an 80% Loan to Value ratio.
- An alternative to the above is having the City make the Section 108 loan a “general obligation” of the City.

Underwriting Guidelines-Investor/ Real Estate Deals

Definition

Real estate/ investor transactions involve projects in which debt service is paid from cash flow generated from leasing property to third party tenants. Real estate lending incorporates many types of projects: retail, industrial, warehousing, office space, multi-family residential, for example. Although retail projects are different from office buildings, each transaction is analyzed in the same manner. Since the property generates income, real estate/ investor projects are also called income-producing properties.

Numerically, real estate projects are defined as follows:

Gross Rents

Less: Vacancy Factor

Equals: Collected Rents

Less: Operating Expenses (Incurred by Owner of Property)

Equals: Net Operating Income (NOI)

Net Operating Income funds three subsequent claims in the following priority: 1) debt service, 2) replacement reserves and 3) return on and of equity.

Project Review

Staff will review projects on two levels: 1) upfront evaluation to determine whether the loan should be made (credit and federal eligibility) and 2) an annual review to determine whether reserves, collateral and additional security are sufficient and consistent with the risk characteristics of the project. The annual credit review ensures that minimum reserves, which reflect the current risk profile, are maintained over time.

In general, an annual review should be beneficial to the City since two factors should progress in their favor over time: 1) rents, NOI and value should increase and 2) the Section 108 loan balance decreases. Combined with a fixed rate on Section 108 debt, a performing project becomes more secure as the loan ages.

Credit Criteria

There are five credit criteria for real estate projects. Although similar to business financing, there are differences in the criteria. The major difference is in analyzing cash flow available for debt service.

The five criteria are as follows:

- Ability to Repay
- Collateral
- Development Team Capacity/ Experience
- Developer Commitment
- Character

Although lenders disagree as to which of the criterion is the highest priority, all are important and a substantive deficiency of any of the five may be sufficient to decline a loan request.

Ability to Repay

The ability to repay is usually defined as Net Operating Income divided by debt service. Generally called the Debt Coverage Ratio, this simple calculation indicates the cushion that a prospective project has in paying debt service.

Cash flow is the first source of repayment for the Section 108 indebtedness. Unless a loan is subordinated in repayment to the proposed loan, the debt service of all loans is included in the denominator.

In calculating Net Operating Income, the analyst must determine rents, vacancy and operating expenses. The analyst should complete fundamental analysis using the following methodology:

- Observe the Market (Economic Data, Demographic Information, Absorption, Etc.)
- Find Comparable Properties
- Adjust Comparables to Subject
- Select the "Most Comparable" and Weight Accordingly
- Determine Rents, Vacancy and Operating Expenses
- Solve For NOI
- Calculate DCR

Collateral

In the event that cash flow is insufficient to pay Section 108 debt service (and the developer does not voluntarily use other resources to keep the loan current), the loan becomes delinquent. Consequently, the City must now rely on a secondary means of repayment. To repay the loan, the City must obtain a judgment and liquidate the specific lien on the asset pledged as collateral.

For real estate/ investor transactions, the asset pledged is obviously real estate. The lender

loans a percentage of the value of all assets pledged as collateral. Accordingly, loan to value is defined as the loan divided by the value. In calculating loan to value, the analyst includes all loans not subordinated in collateral to the Section 108 loan. The loan to value measures the collateral cushion to the lender and indicates how much the collateral can be discounted before the lender incurs a loss on liquidation.

Development Team Capacity/ Experience

The development team for a project could include the following members:

- Contractor
- Architect/ Engineer
- Leasing Agent
- Property Manager
- Syndicator
- Construction Manager
- Mortgage Banker (Arranges Permanent and Construction Loans)
- Provider of Feasibility Study
- Developer

The development team should have experience in all phases of the development. Many large developers can perform some of these functions in-house; others contract out for these services. (In no circumstance should the developer complete the feasibility study; only independent third parties should complete this task.)

Each member of the development team should have successfully completed a project comparable to the subject. In addition, each member of the development team should be established and possess resources sufficient to ensure completion of their respective task.

Developer Commitment

In business loans, personal and corporate guarantees are routine. If a project lacks cash flow to repay the debt service and liquidation of specific liens is insufficient to pay the outstanding balance on the loan, the lender secures a deficiency judgment and attempts to collect on general liens such as personal and corporate guarantees. Consequently, guarantees are the third source of repayment.

It is difficult to rely on general liens for repayment. Homestead exemptions, rights of redemption, bankruptcy laws, state law, allocation of assets between spouses, etc. complicate the issue further.

Real estate projects have separate complexities. For intricate tax reasons, it is difficult for developers to corporately or personally guarantee permanent mortgages, especially if the

ownership form is a limited partnership or limited liability corporation (which are common) and the project involves significant tax benefits. Despite the complication, developers can indicate commitment in the following ways:

Guarantee Completion of Construction

The developer should guarantee that he/ she will complete construction on the project according to the specifications agreed upon.

Absorb Cost Overruns

The developer should absorb any cost overruns on the project, regardless of cause.

Guarantee Cash Shortfalls

If NOI is insufficient to pay debt service and fully fund replacement reserves, the developer should guarantee any cash flow shortfalls. Functionally, this provision is very similar to a recourse mortgage.

Defer Development Fee

Developers earn fees for performance. Accordingly, the bulk of the developer fee should be paid only after the project is built, the property is leased and debt coverage threshold is obtained. If the deal is syndicated, the investor agreement frequently contains this provision.

The analyst must evaluate financial strength of the entity extending the guarantees and determine their respective value. Among the factors affecting this analysis are other contingent liabilities of the same or related guarantor, means of valuing assets, tax considerations and state and federal laws governing allocation of assets between spouses.

Character

A review of a developer's character includes such items as a credit history, a Dun and Bradstreet or similar report, prior bankruptcies, past criminal activity, past or pending litigation, professional standing and relationships within the community.

Regardless of the economics of a transaction, a developer with a chronic history of defaults, late payments, bankruptcy, broken promises and litigation with previous lenders may negate all of the positive aspects of the deal. Nevertheless, the analyst must use prudent judgment in evaluating the information. Credit reports and rumors frequently contain inaccurate information and the existence of a prior blemish does not necessarily mean the developer is not credit worthy.

Risk Profiles

Low to Moderate Risk Projects

Low to moderate risk loans will comprise the entire Section 108 loan portfolio. Low to moderate risk transactions have the following characteristics:

- Ability to Repay

The low to moderate risk project has a Debt coverage Ratio of at least 1.20 to 1. Thus, there is \$1.20 of projected NOI for every \$1 of new and existing debt service. There is a strong market for the net leasable area and/or there is significant pre-leasing of qualified tenants; therefore, the analyst has a high degree of confidence in projecting NOI.

A low to moderate risk real estate transaction allows a reasonable amount of time for the project to achieve a stabilized rate of occupancy and allocates an appropriate leasing reserve in the budget. Moreover, the developer annually funds a replacement reserve to eventually renew those components of the property that wear out periodically (roof, HVAC, appliances, etc.) Furthermore, the budget is complete, reasonable and is based on a guaranteed maximum price for costs related to construction.

In addition to providing the lender with an adequate investment, a low to moderate risk project also provides adequate benefits to investors and the developer. Accordingly, the developer earns a reasonable fee if the property performs and the investors receive a market return on invested capital.

- Collateral

The loan to value should not exceed 80%.

The appraisal should be completed by an appraiser certified by the state and with a professional affiliation such as SRA or MAI. Moreover, the appraisal should conform to FIRREA standards. In general, the appraisal should determine fair market value and fee simple ownership. In addition, the appraiser should have experience evaluating comparable properties. Although the developer incurs the cost, the appraisal should be completed on behalf of the City or a conventional co-lender.

The analyst should always scrutinize the appraisal critically and not merely open the summary page and accept the reconciled value without question. The analyst should review the three approaches to value, note the assumptions and limiting conditions and made adjustments where appropriate.

- Development Team Capacity/ Experience

Each member of the development team should have experience in successfully completing a project comparable to the proposed transaction. Moreover, each member of the development team should be established and have adequate resources to guarantee the completion of their respective task.

- Developer Commitment

The developer should show commitment to the project. If the ownership entity is a limited partnership (or other entity which usually conveys a large percentage of ownership), the developer can evidence commitment by guaranteeing the completion of construction, absorbing budget shortfalls, guaranteeing cash flow shortfalls and deferring developer fees. Moreover, the entity issuing the guarantee has sufficient resources at risk in the event of a deficiency.

If the developer retains significant ownership, the developer can sign a recourse note or a limited guarantee in proportion to his interest in addition to the guarantees and deferrals enumerated above.

- Character

The developer should have a favorable credit history; moreover, the developer's past suggests that he/ she will proceed on the project in a legal, reasonable and professional manner.

Effect of Size

Although small deals are analyzed in essentially the same manner as larger transactions, large projects should undergo more intense scrutiny and higher standards since larger loans pose potentially more risk to the community.

Accordingly, localities should require the following for projects whose costs exceed \$1 million:

Developer Financial Statements

In most projects, the financial statements of the developer should be completed by a CPA and reflect current market appraisals which are assessed by an independent, qualified appraiser. Moreover, the net worth calculation should reflect the equivalent of cash and net out sales expenses and taxes. Furthermore, the developer should sign and date the financial statements.

Cost Certification

In a cost certification, an independent third party reviews the disbursements of funds and certifies that the distributions occurred in a manner that is consistent with the approved project budget.

Feasibility Studies

For larger projects, the community should obtain a market or feasibility study from an independent, third party who is experienced in the type of project involved in the financing request.

Other Considerations

Analysis of the Budget

The analyst must scrutinize the budget for completeness, reasonableness and consistency with comparable projects. It is the starting point for determining the need for financing, for addressing the financial aspects of appropriateness and for calculating the amount of equity needed to complete the project. Both overstated and understated budgets pose risks to the community.

An inflated budget usually increases the amount of the loan without increasing value commensurately. This increases the risk to the locality and the developer frequently captures the excess as an increment in the development fee.

An understated budget poses different risks. In extreme situations, there are not enough funds to complete the project. Alternatively, the developer compromises on the quality (which may effect rents) of the project or diverts his attention to transactions with more lucrative potential for compensation.

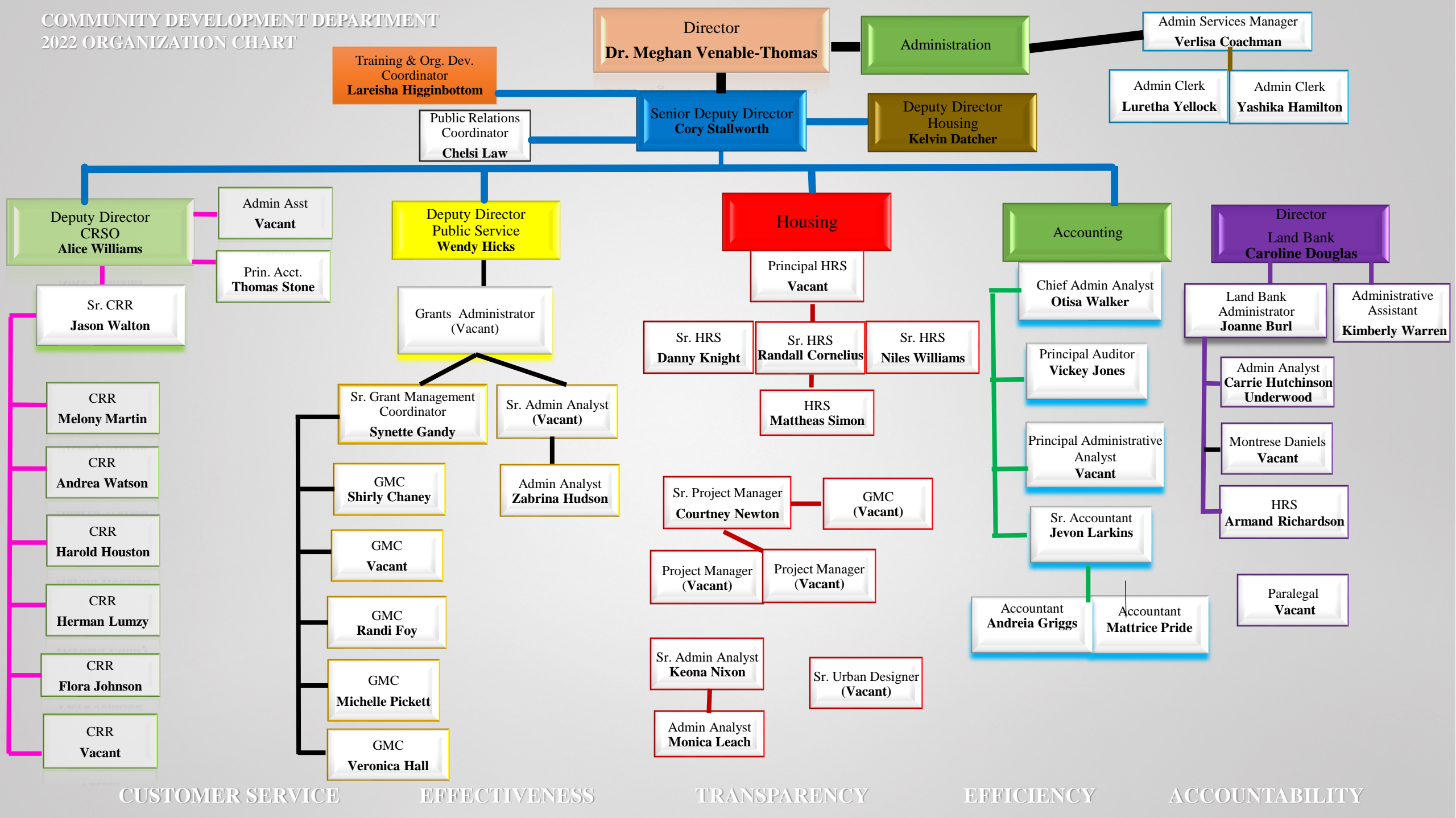
Environmental Issues

Although HUD policy requires an environmental release prior to the disbursement of funds, the analyst should be aware of issues such as a Phase I environmental review, flood plain, earthquake prone areas and other related environmental issues. In addition, the project must conform to all applicable zoning ordinances.

Site Control

The developer must have site control for a period sufficient to complete predevelopment work and to allow for the Section 108 application and review process.

COMMUNITY DEVELOPMENT DEPARTMENT
2022 ORGANIZATION CHART



CUSTOMER SERVICE

EFFECTIVENESS

TRANSPARENCY

EFFICIENCY

ACCOUNTABILITY

PROFESSIONAL SUMMARY

High-performing Executive with experience in real estate development, construction management, and project administration. Currently possess over 11 years of real estate development & construction experience in Affordable Housing, Government, Healthcare, Education, and Commercial projects.

EXPERIENCE

Deputy Director of Housing Programs

Aug. 2020 – Present

City of Birmingham Community Development Department – Birmingham, AL

- Lead the planning and submission of a Choice Neighborhood Implementation Grant application on behalf of COB and HABD. Although unsuccessful in the 2020 application cycle, planning efforts created a great foundation for future application cycles.
- Serve as liaison on behalf of COB and coordinator of redevelopment partnership between COB and NCRC for the development of 200 single family homes over the four years in target areas across Birmingham. Redevelopment agreement was approved by council in August 2021.
- Lead predevelopment activities for the planned Oak Hill development of 28 new construction homes in Belview Heights. Ground Breaking for development took place on July 21, 2020.
- Ensley High School Redevelopment (Housing Component) work on the development side upon transition from the City and spearheaded the City's allocation of 1.2 million in Homes Funds to the project which was approved by Council in February 2021.
- Coordinated efforts for the allocation of HOME Funds to BEAT for development of (3) single family homes in the Enon Ridge neighborhood. Allocation was approved by the City Council on
- Serve as liaison on behalf of COB and coordinator of a collaborated partnership between Protective Life Insurance Company and Strengthening Alabama Homes (SAH) to repair up to 120 housing in North Birmingham Communities leveraging CDBG funds with SAH funding.
- Recommended Portland Lou
- Landbank collaboration
- HABD Collaboration
- Woodlawn Foundation
- Southtown Court Redevelopment Environmental Review
- Way Station, Aids Alabama
- Mc Arthur School RFP
- Provided management for the development of (5) single family homes in the Wahouma neighborhood.
- Collaborate with the Titusville Redevelopment Company
- Currently working with COB and UAB staff to develop a housing plan for the UAB Grand Challenge target sites which include Bush Hills, North Titusville,
- Hired 2 new staff members
- Develop two new job positions

CORY D. STALLWORTH

1336 60th Street West, Birmingham, AL 35228
(205) 789-9865 | cory.stallworth@gmail.com

Vice President of Real Estate Development & Capital Improvements
Housing Authority of the Birmingham District – Birmingham, AL

Feb. 2019 – Present

- Manage authority's \$11 million-dollar Capital Fund Budget and ensure HUD obligation deadlines are met annually.
 - Develop agency's strategic 5 - year redevelopment plan for aging public housing properties.
 - Facilitate the development of affordable housing through Project Based Voucher contracts with private developers.
 - Provide oversight of the authority's homeownership program and \$4 million-dollar HUD 5H Fund utilized to build single family dwellings.
 - Lead the \$8 million-dollar renovation of the Freedom Manor senior citizens building
 - Lead the \$18 million redevelopment of Loveman Village Phase I multi-family site
 - Lead the acquisition and financial closing on the \$20 million-dollar Farrington Apartments
 - Negotiated the Master Development Agreement for the redevelopment of Southtown Court
 - Lead the implementation of an agency-wide \$13 million Energy Performance Contract
-

EDUCATION

Master of Engineering in Construction Management | 2012
University of Alabama at Birmingham, Birmingham, AL

Bachelor of Science in Environmental Design | 2009
Auburn University, Auburn, AL

PROFESSIONAL CREDENTIALS

- **Alabama Licensed Realtor** - 2018
 - **HQS - Housing Quality Standards**
 - Nan McKay & Associates, 2014
 - **OSHA 10-Hour Construction Safety**
 - Hoar Construction, 2011
 - **Multi-Family Real Estate Development Training**
 - Hudson Real Estate Advisory Group, 2018
-

SKILLS

- Project scheduling
 - Contract management
 - Multi-task skilled leader
 - Strong interpersonal skills
 - Project design
 - Best building practices
 - Knowledgeable planner
 - Cost estimating
-

PROFESSIONAL BOARDS

City of Birmingham Property Committee

Member

Magic City Housing Development Corporation **Nov. 2017 – 2020**

Board President

COURTNEY A. NEWTON
(205) 266-1134
Cnewton35064@gmail.com

Summary of Qualifications

Communication, Marketing and Project Management professional with over 20 years of leadership, operational, and relationship/partnership resource experience in the community and social services industries. Proven leader with a strong strategic focus with the ability to translate vision into tactical process steps. Outstanding relationship management, negotiation, and teaming skills to communicate and influence others at all levels of the organization. The ability to direct and motivate others to achieve results.

EDUCATION

Bachelor of Arts, Communication Arts
Marymount Manhattan College, New York
Juris Doctorate
Birmingham School of Law

Professional Affiliations

2011 Dale Carnegie Training Institute Graduate
ClasTran- Board Member(2012-2019)

PROFESSIONAL EXPERIENCE

- | | |
|-------------------|---|
| 2019 | Grants Management Coordinator, City of Birmingham <ul style="list-style-type: none">• Supports a senior staff member and department/jurisdiction by coordinating schedules, composing correspondences, producing reports, updating procedural manuals, creating forms, maintaining and updating files, attending trainings, maintaining records, ordering supplies, and/or monitoring new programs.• Work with agencies to define contract goals, establish timeline, budgets and compliance with all procedures.• Processes cases or projects submitted by community agencies• Evaluate project submissions for Federal and Zoning compliance; including maps, surveys and applications• Assist and implement grant administration for over \$2M in HUD funds• Analyze project submissions to ensure they meet with departmental objectives• Communicates with various individuals (e.g., contractors, realtors, engineers, developers, general public, etc.) in order to answer questions and explain ordinances relating to flood plain, zoning, signage, subdivision, etc. |
| 2007- 2019 | Assistant Vice President, Community Outreach, United Way of Central Alabama, Birmingham <ul style="list-style-type: none">• Consult with leadership as way of convening community partners regarding gaps in community services and programs• Develop strategies to engage underserved communities by researching and analyzing data content to provide solutions for current service gaps• Provide housing counseling |

- Managed the following initiatives:
 1. Disaster responses
 2. Workforce Development program
 3. Older adults outreach
 4. Homelessness outreach
 5. Established free health clinic for uninsured residents
 6. Outreach to Latino agencies/communities
- Consulted with and provided assistance for need based grants
- Collaborate and work cross-functionally with various levels within the organization

2006

Unit Manager, ARC of Jefferson County, Birmingham

- Developed overall care plan for clients with special needs
- Coordinated transportation for clients
- Managed three-five patient care technicians oversaw daily interaction
- Responsible for preparing daily reports on client progress

2005

Community Outreach Coordinator, Family Care Certified Services, New York

- Educated physicians and community organizations on all services offered by the agency
- Provided market research and analysis
- Implemented marketing and sales strategies consistent with the overall organizational goals
- Promoted new and existing programs and initiatives
- Provided monthly reports on organizational objectives

2004

Motivational Consultant, Career Education Corporation, New York

- Conducted educational workshops for high school seniors and local GED programs
- Assisted students with career and college decisions
- Counseled students regarding college admissions

2000-2003

Marketing Manager, Family Aides Inc. Early Intervention Program, New York

- Responsible for overseeing all aspects of marketing and outreach
- Maintained and established contacts with doctors, daycare workers, and community assistance agencies throughout New York City
- Developed short and long term marketing strategies
- Created advertisements; created, edited, and distributed company newsletter

Otisa Glover-Walker

7108 Crown Lane. • Trussville, AL 35173 • (205) 266-1942 • otisawalker@gmail.com

SUMMARY OF SKILLS AND QUALIFICATIONS

- Strong analytical skills
 - Exceptional abilities in budget analysis and forecasting
 - Experienced in Microsoft Word, PowerPoint and Excel
 - Solid interpersonal and communication skills
 - Over 13 years of budgeting experience
 - Over 20 years of local government experience
-

PROFESSIONAL EXPERIENCE

March 2019 – Present

**City of Birmingham/Community Development
Principal Administrative Analyst**

- Supervise accounting staff consisting of Principal Auditor, Accountants and Administrative Analyst providing hiring, training, monitoring and evaluating staff performance
- Prepare personnel cost analysis for grant funded positions and monitor expenditure caps
- Assist in the management and monitoring of the Departmental budget consisting of the General Fund, Grant Funds via the Federal Department of Housing and Urban Development and Bond Funds.
- Provide cost analysis and make budgetary recommendations
- Prepare Annual Budget and attend Budget Hearings
- Provides budgetary justifications for the allocation of additional resources
- Create budget projections, forecast and report variances
- Manages staff to ensure payment request are processed and vendors are paid in accordance with guidelines.
- Lead the accounting team when conducting Financial Management monitoring of Sub-recipients
- Oversee payroll coordinators for Department-monitoring FMLA, timesheet & entering personnel actions using Kronos
- Monitor the reimbursement (Drawdown) of Federal Grant Funds
- Ensure compliance of federal guidelines and regulations for department and sub-recipients
- Manage team responsible for Loan Portfolio project
- Revise policies and procedure manuals

August 2015 – March 2019

**City of Birmingham/Community Development
Sr. Administrative Analyst**

- Responsibilities include assisting in the management and monitoring of the Departmental budget consisting of the General Fund, Grant Funds via the Federal Department of Housing and Urban Development and Bond Funds.
- Prepare various reports and make recommendations regarding budgetary issues
- Prepare Annual Budget and attend Budget Hearings
- Provides budgetary justifications for the allocation of additional resources
- Provide budget projections, forecast and reporting
- Plan, assign, review and approve work of assigned staff consisting of Sr. Accountant, Accountant and Accounting Assistant.
- Manages staff to ensure payment request are processed and vendors are paid in accordance with guidelines.
- Lead the accounting team when conducting Financial Management monitoring of Sub-recipients
- Payroll Coordinator for Department-monitoring FMLA, timesheet & personnel actions
- Monitor the reimbursement (Drawdown) of Federal Grant Funds
- Ensure compliance of federal guidelines and regulations for department and sub-recipients

April 2012 – August 2015

**City of Birmingham/Finance Department
Budget Analyst**

- Assisted in the administration of the General Fund Operating Budget
- Analyzed historical data to determine fiscal allocations
- Assisted Mayor's staff and department officials in developing and coordinating a multi-departmental operating budget
- Provided budget analysis and forecasting on expenditures and variance reporting
- Advised department officials on cost analysis and fiscal allocations
- Provided monthly, quarterly, semi-annual, and annual reports on availability of funds & salaries cost
- Assisted in the compilation of data needed for the position budgeting module to forecasting personnel cost
- Assisted in the balancing of a +390-million-dollar budget
- Developed, prepares, and publishes the annual Official Operating Budget
- Represented data through use of graphs, charts and tables in Excel
- Assisted department officials with budget request ensuring compliance with applicable policies
- Discussed budget concerns with various department officials
- Provided analysis through the use of position budgeting module to forecast salaries, fringes, and benefits
- Provided monthly Position Reconciliation Reports
- Researched budget proposals, financial reports and expenditures, and develop recommendations for budget allowances.
- Experienced with the data conversion processes for position budgeting
- Approved requisitions and verify accuracy of general ledger accounts selected
- Generated budget amendments

April 2008 – April 2012

**City of Birmingham/ Finance Department
Revenue Examiner**

- Conducted independent field audits to determine business classification, tax liability and proper licensing
- Performed follow-up inspections to businesses to verify compliance
- Initiated Civil or Criminal Court proceedings
- May confiscate liquor/tobacco products where delinquencies and violations are verified
- Maintained knowledge of City Ordinances, changing tax codes and accounting procedures to properly evaluate financial records.
- Analyzed tax returns and accounting systems to determine if accounting methods used were in compliance and appropriate within the law
- Examined and analyze tax assets and liabilities in order to resolve delinquent tax issues
- Confer with taxpayers or their representatives to discuss laws and regulations as it relates to their tax liabilities
- Determined proper methods for debt settlements
- Assisted in training new Revenue Examiners

November 2007 – April 2008

**Birmingham Municipal Court, Birmingham, AL
Senior Court Clerk**

- Administrator over Courtroom
- Ensured all cases are processed in an efficient and effective manner
- Issued Warrants
- Prepared Daily Court Docket
- Researched defendants cases for accuracy
- Calculated Court Cost
- Prepared various documents which may include continuances, warrants, extensions of court fines and appeals
- Lead and Train Court personnel in the proper court room procedures
- Assisted public regarding any information as it relates to their court case
- Served as a liaison between judges, attorneys, probation officers, law enforcement officers and defendants

September 2003 – November 2007

**Birmingham Municipal Court, Birmingham, AL
Administrative Assistant II**

2005 - University of Alabama at Birmingham – Completed the Certified Financial Planner Courses
2007 – 2009 Certified Municipal Court Magistrate
2009 – 2013 Junior Achievement Volunteer
2013 - 2016 Served as Neighborhood Association Treasurer
2016 – Completed Leading People Certification -Jefferson County Personnel Board
2017 – Present Member of Toastmasters International
2018 – Currently pursuing Master’s in Business Administration – Strayer University

Karnecia N. Bowie

1100 Earlie O'Neal Road Cropwell, AL 35054 (205) 478-4767 | karneciab@gmail.com

Highlights of Qualifications

Detail oriented and accurate, works well with teams and without supervision; experienced in high volume, fast paced environments; Proficient in MS Office; CPA Candidate; Excellent Customer Service

Education

Bachelor of Science, Accounting | 12/2015 | University of Alabama at Birmingham

Bachelor of Business Administration, Finance | 12/2002 | University of Montevallo

Work Experience

Principal Accountant | City of Birmingham, Birmingham, AL | 07/2018-50+ hours per week

- Manager over Special Assessments and Accounts Receivable Division.
- Created SOP for public improvement processes and procedures for future references and IT assistance with conversion of old accounting system to be integrated into present Financial Accounting ERP system: New World.
- Assigns, reviews, prepares, and approves all financial transactions for Senior Accountants and Accounting Assistant II's remotely and in office.
- Responsible for miscellaneous billing, landfill billing, other Government billing and interdepartmental billing for outlier departments.
- Assigns work and trains staff on new accounting techniques in accordance to GASB and GAAP to complete new tasks.
- Prepared cost analysis for Executive Review for addition of an additional accounting assistant II in accordance to current labor costs and expenditures.
- Manages scheduling and payroll for division.
- Actively assists staff with billing and workloads.
- Prepares and reviews with staff, annual and quarterly job evaluations.
- Responsible for evaluating and updating accounting procedures under GAAP guidelines.
- Responsible for establishing all Accounts Receivable accounts for billing purposes.
- Participant and provides accounting/budget data from GL to integrate in new intergovernmental contract.
- Provided technical specs for scope and delivery with new ACCELA cloud software to integrate demolition accounting software with code enforcement, permits, and code enforcement.
- Analyzes and reconciles Accounts Receivable balances monthly.
- Monitors budgets for Interdepartmental billing.
- Prepares and submit journal entries.
- Manages and submits balance sheet reconciliations.
- Creates and approves adjustments.
- Works with IT to resolve Systems issues for division.

Exhibit H: Delivery System

The City will establish a delivery system for its Section 108 Loan Pool. The system will consist of the following components. Each component is also a subsystem. Although City staff intends to administer the program internally, it will utilize consultants and/or subcontractors to provide any necessary services. The City will incorporate checklists to follow to ensure conformance to Section 108 provisions, underwriting guidelines and program close-out. Accordingly, the City will closely monitor progress in order to detect any problems or deficiencies early.

Marketing

The City will market the program to potential sources of transactions- developers, businesses, bankers, commercial realtors, attorneys and other persons who are aware of prospective projects. The effort will include presentations to small groups individually and marketing materials including brochures, e-mail transmissions and direct mail.

Screening

Once staff identifies a prospective transaction, it will request the potential borrower to submit sufficient information to screen the project for eligibility (eligible activity, national objective and appropriateness) and conformance to the Underwriting Guidelines (Exhibit F). Accordingly, staff will spend time only on those projects that have a reasonable chance of success (both eligible and having low risk).

Packaging

If the prospective transaction passes screening, staff will then proceed to preparing the Eligibility Determination.

Approving

The City presumes the Area Office will make the evaluation of the Eligibility Determination. HUD central will approve the Loan Pool Application.

Closing

Once approved, the Level # 1 transaction goes to HUD Central for closing both the interim loan and the conversion to permanent financing at the public offering. HUD Central prepares the majority of the Level # 1 documents and most are boilerplate.

Regarding the Level # 2 transaction, the City will acquire the services of an experienced attorney to prepare the closing documents. The documents will vary with the type of transaction but usually include a Loan Agreement, a Note, Jobs Agreement (if

applicable), Deed of Trust or Mortgage, UCC filing (if applicable) and some form of General Lien (guarantee).

Disbursement

The City will establish policies and procedures to disburse Section 108 funds for both Level # 1 and Level # 2 transactions. Staff will create the Loan Guarantee Custodian Account with the Custodial lender to accept disbursements (wire transfers) from the Fiscal Agent.

The City will establish procedures to adequately document disbursements to the third-party borrower and to ensure that value is added to the project and to reduce risk to the City.

Portfolio Management

The City will develop a portfolio management subsystem to properly document conformance to public benefit and national objective provisions, collect and account for loan repayments and to preserve the value of the collateral securing the Section 108 loans. Moreover, staff will establish the Repayment and Loss Reserve Custodial Accounts with the Custodial Lender.

The City is using technical assistance from Enterprise Community Partners whose team includes subcontractors who have extensive experience with the origination and delivery of the Section 108 program. The technical assistance team will provide staff with checklists and guides to assist in establishing and implementing each component of the delivery system.

Steps in Delivery

Step 1:

Conflict of Interest Resolution; Other Political Issues

Step Two: Screening

Obtain sufficient information to screen prospective transaction

Eligibility

- Eligible Activity
- National Objective
- Appropriateness (if Eligible Activity is Special Economic Development)
 - Appendix A
 - Public Benefit

Credit

- Ability to Repay
- Collateral
- Commitment of Principals
- Experience
- Character/ Credit History
- Balance Sheet (if Business Loan)

Information

- Fully Loaded Budget
- Sources of Funds
- Appraisals/ Feasibility Studies (if available or needed)
- Historical Financial Information
- Projections
- Experience of Principals (Development Team if Developer Deal)
- Employment
- Personal Financials of Principals
- Project Description

Step 3: Packaging

If project passes screening:

- Other Federal Requirements (Uniform Act; Davis-Bacon; Environmental)?
- Initiate Environmental Release of Funds
- Assemble Loan Package
- Submit to Loan Committee

Step 4: Submit to Area HUD Office (Individual Transactions after HUD Central approves the Loan Pool)

Step 5: HUD Approval

Step 6: Closing

Interim Financing

- Level # 1
- Level # 2

Conversion to Permanent Status (Public Offering)

- Level # 1
- Level # 2

Step 7: Disbursing

- Level # 1
- Level # 2
 - Davis-Bacon (if applicable)
 - Inspections
 - Proper Documentation

Step 8: Portfolio Management

Financial

- Accounting
- Preservation of Collateral
- Workouts
- Foreclosure

Programmatic

- Job Monitoring
- Project Close-out

Filing System Overview

The filing system consist of three separate files:

Origination

The origination file involves the transaction from inception to approval.

Closing File

The closing file involves the file from approval through disbursement. For Section 108 loans, the documentation includes Level #1 and Level # 2 transactions.

Portfolio Management File

The portfolio management file involves the transaction from disbursement through project close out. It incorporates financial aspects of loan servicing, preserving the value of the portfolio and ongoing monitoring of federal compliance until project close out.

Checklist-Origination File

Transaction File

- Origination

1. Eligibility

- a. Brief Description
 - i. Project Description
 - ii. Sources and Uses
 - iii. Rate and Term
 - iv. Amount Requested
 - v. Amount Approved
 - vi. Material Changes
- b. Eligible Activity (24 CFR 570.201-207, CDBG; 24 570.703, Section 108)
- c. National Objective (24 CFR 570.208)
- d. Appropriateness (if eligible activity is special economic development; 24 CFR 570.209)
 - i. Conformance to Appendix A
 - 1. Reasonableness of Costs
 - 2. Commitment of Sources
 - 3. Non-Substitution
 - 4. Feasibility
 - 5. Return on Equity
 - 6. Pro-Rata Disbursement
 - ii. Public Benefit
 - 1. Cost Per new FTE
 - 2. LMI Persons Served (if applicable)
- e. Other Federal Requirements (if applicable)
 - i. Davis-Bacon
 - ii. Uniform Act
 - iii. Environmental

2. Underwriting

- a. Business Loans
 - i. Ability to Repay
 - ii. Collateral

- iii. Commitment of Owners
- iv. Management Experience
- v. Adequacy of Balance Sheet
- vi. Character

b. Developer/Real Estate/Income-Producing Properties

- i. Ability to Repay
- ii. Collateral
- iii. Commitment of Owners
- iv. Development Team Experience
- v. Character

Checklist: Level #1 Documents

- HUD Form 7082
- Contract for Loan Guarantee Assistance
- Fiscal Agency Agreement
- HUD Promissory Note
- Opinion of Counsel
- General Resolution
- Custodial Letter Agreements
- Advance Form (with Signature Cards)

Checklist-Level # 2

- Loan Agreement
- Note
- Specific Lien (Mortgage, Deed of Trust, UCC, Security Agreement)
- General Lien (Guarantees)
- Intercreditor Agreement
- Certificate of Secretary
- Opinion of Counsel
- General Resolution
- Assignment of Insurance
- Title Insurance
- Separate Jobs Agreement

LOAN CLOSING CHECKLIST

Loan Number: _____	Business: _____
Staff: _____	Contact: _____
Date Loan Closed: _____	Address: _____
Authority Attorney: _____	_____
Borrower's Attorney: _____	_____
Initial Loan Grading: _____	City: _____
Date File Completed: _____	Zip Code: _____
Signature of Staff: _____	Phone Number: () _____
	Fax Number: () _____

NOTE: Please include each element in the file in the order it appears here. When an item is not included, please initial as Not Applicable, N/A.

DOCUMENTS REQUIRED TO CLOSE LOAN:

Are the Following Closing Documents Included?

	Date:	Initials:
Copy of Loan Agreement:	/ /	_____
Note:	/ /	_____
Mortgage / Deed of Trust:	/ /	_____
Security Agreement / UCC Filing:	/ /	_____
Business Guarantee:	/ /	_____
Personal Guarantee:	/ /	_____
Assignment of Hazard Insurance at Closing:	/ /	_____
Assignment of Flood Insurance at Closing:	/ /	_____
Assignment of Life Insurance at Closing:	/ /	_____
Title Insurance:	/ /	_____
Copy of Intercreditor Agreement:	/ /	_____
Documentation that the Business has Agreed to Loan Terms as Expressed By Loan Committee:	/ /	_____
(For Corporations- Certificate of Secretary)		
Documentation that Executor of Loan is Empowered to Borrow by Business:	/ /	_____
(For Corporations- General Resolution)		
Documentation that Attorney Agrees that Business is a Legal Entity, is entitled to borrow, and has no pending litigation. (Opinion of Counsel):	/ /	_____

ADDITIONAL DOCUMENTS REQUIRED IN THE FILE:

Are Copies of Correspondence with Attorneys Included Chronologically?	/ /	_____
Memo to Attorney:	/ /	_____
Instructions to Borrower Issued:	/ /	_____
Other Documentation:	/ /	_____

Name of Closing Attorney: _____

STAFF COMMENTS: _____

USING THE LOAN CLOSING CHECKLIST

Summary

Use this checklist to close each loan in the portfolio.

How to Use the Checklist

Insert this checklist into each loan closing file. Complete the top section, except for the Date File Completed. Each of the documents listed below should be present at the loan closing. Each should be inserted into the file once they have been completed and signed. The attorney responsible for closing the loan should maintain the originals of each completed document in a file at a separate location. Refer to the chart below if there is any confusion about the terms used in the document.

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Documents Required to Close Loan			
Copy of Loan Agreement	The major legal contract between the lending agency and the borrower, it contains all the terms and conditions of the loan and defines the rights and expectations of both parties.	This is the main legal contract between the lender and the borrower. The document is drawn up by the closing attorney.	This document is always required.
Note	Evidence that the borrower is obligated to repay the loan. The note lists the amount, rate and repayment terms agreed.	Establishes the obligations of the borrower.	This document is always required.
Mortgage / Deed of Trust	A specific lien executed on the real property pledged as collateral. This document defines each specific asset pledged as collateral.	<p>A properly executed and recorded deed of trust provides the lender with the collateral for the loan.</p> <p>This document records the lending agency lien against real estate owned by the business and states whether the lending agency is in first, second (etc.) position on the asset.</p>	The lien must be recorded to be recognized. Record the lien at the courthouse. This document is always required when real property (real estate) is pledged as collateral. Whether this document is a deed of trust or a mortgage depends on the state concerned.
Security Agreement / Uniform Commercial Code (UCC) Filing	A specific lien executed on the personal property pledged as collateral. This document defines each specific asset pledged as collateral.	<p>A properly executed and recorded deed of trust/mortgage provides the lender with the collateral for the loan.</p> <p>This document records the lending agency lien against personal property and states whether the lending agency is in first, second (etc.) position on the asset.</p>	This document generally only applies to user deals.

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Business Guarantee	A general lien against the assets of the business.	This document ensures that if the business defaults, the lending agency has the right to recoup the funds it has committed by foreclosing on the business and taking the assets that remain after all the items with specific liens have been sold.	This document is always required for user deals.
Personal Guarantee	A general lien against the assets of the principal(s) of the business.	This document ensures that if the business defaults, the lending agency has the right to recoup the funds it has committed by foreclosing on the personal assets of principals of the business involved and taking the assets that remain after all the items with specific liens have been sold.	This document is almost always required for user deals.

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Assignment of Hazard Insurance at Closing	<p>The transfer of the borrowers rights to collect insurance proceeds to the lender. In the event that the property is partially or complete borrower is of the another legal transfer of the right</p> <p>A copy of a standard hazard insurance policy issued by a company acceptable to the lending agency.</p> <p>The policy should be submitted together with a 'Paid' premium invoice in an amount greater than the loan amount or 100% of the insurable value of the Security Property, with extended coverage, vandalism and malicious mischief insurance. The policy should contain a standard mortgagee loss payable clause assigned to the lending agency.</p>	<p>This document ensures that if the business suffers irreparable damage and is no longer able to operate the remaining loan amount due will be repaid to the lending agency by the insurer.</p> <p>Control of the use of any insurance proceeds, in the event of damage to the business.</p>	<p>This document is always required. It is important to note that the insurance policy must have the lending agency as the beneficiary, otherwise the insurance provides no protection for the lending agency.</p>
Assignment of Flood Insurance at Closing	<p>The borrower should provide the lending agency with a standard flood insurance policy issued under the National Flood Insurance Program naming the lending agency as the beneficiary in the event of a flood.</p>	<p>This document ensures that if the business suffers irreparable damage and is no longer able to operate, the remaining loan amount due will be repaid by the insurance policy.</p>	<p>Flood Insurance is only required when the property is located in a flood plain.</p> <p>A specific environmental review is required when the property is located in a flood plain.</p>

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Assignment of Life Insurance at Closing	A policy taken out by the principal(s) naming the lending agency as the beneficiary of the insurance should the principal(s) die while the loan is still being repaid.	<p>In cases where the success of the business depends primarily on the ability of the principal(s), it may be appropriate to request that the principal takes out life insurance in favor of the lending agency. This helps protect the position of the lending agency.</p> <p>Control of insurance proceeds.</p>	

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Title Insurance	<p>The borrower should submit a title insurance statement issued by a company acceptable to the lending agency. The policy should insure the lending agency in the amount of the loan, without exception for possible unfilled mechanics or materialmen's liens. The policy should contain only title exceptions that are acceptable to the lending agency. If a binder is issued, the term of the binder should not be less than the term of the loan. The title insurance policy or binder must be submitted to the lending agency before the loan is closed so that it can be carefully reviewed. If the original title policy is not available at loan closing, a marked-up binder initialed by the title company will be acceptable, providing the original policy is promptly forwarded to the lending agency.</p>	<p>A check on Title Insurance will prevent loans being taken out on property which the lending agency would not be able to claim a title to in the event of a default.</p>	<p>This document is only relevant to loans in which real property is pledged as collateral.</p>

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Copy of Intercreditor Agreement	A agreement among the lenders which: a) Establishes the position of each lender by rank; first, second, third, etc. b) States in writing a commitment by each of the lenders to notify the others in the event that the borrower encounters fails to make a payment. Often this implies warning the other borrowers when the loan is thirty days overdue. c) Contains a record of other arrangements made between the lending parties.	The intercreditor agreement insures that the CDBG lending agency will be informed of any problems encountered with the borrower. This facilitates the active management of the portfolio. Establishes a spirit of cooperation, defines roles of each lender. Having an intercreditor agreement will assist in maintaining the responsibilities of the public lender.	In particular, this document provides an way of identifying the rights of each of the lenders in the event of a default. This document should always be included.
Documentation that Business has Agreed to Loan Terms as Expressed By Loan Committee (For Corporations- Certificate of Secretary)	Evidence that the borrower understands and agrees to the terms and conditions of the loan as approved by the loan committee.	This document ensures that the borrower took out the loan with a clear understanding of the loan terms and conditions. Including this document helps to avoid misunderstandings with the borrower. An unauthorized executor may undermine the validity of the obligation.	This document should always be required.
Documentation that the Executor of the Loan is Empowered to Borrow By Business (For Corporations - General Resolution)	This document ensures that the individual signing the loan documents is entitled to commit the borrower to the agreement.		This document should be required.

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Opinion of Counsel	Documentation that the attorney agrees that the business is a legal entity, is entitled to borrow, and has no pending litigation.	Provides a check against lending to borrowers in legal difficulty.	This document serves to protect the lending agency against lending funds to a business which is not legally permitted to borrow funds, or is in financial or legal difficulty.

LOAN CLOSING: GLOSSARY			
Item	Definition	Reason for Inclusion	Comments
Additional Documents Required in the File			
Copies of Correspondence with Attorneys Included Chronologically	All correspondence with the lending agency attorney and borrowers attorney should be carefully recorded. This should include the Instructions to Borrower Issued and the Memo to Attorney.	The file must contain copies of all the commitments agreed to by either party during loan origination. It serves as a record of all the legal understandings between the two parties.	
Memo to Attorney	Notification that the loan has been approved by the loan committee and that the attorney should prepare the loan closing documentation.	Notifying the attorney that the loan has been approved.	It may be helpful to include this document in the file for both user and investor deals.
Instructions to Borrower Issued	Notification to the borrower of the procedure for the loan closing. This document lists the schedule for the loan closing and details the obligations of all parties during the process.	Ensures that the loan closing is coordinated by ensuring the responsibilities of the borrower and the other parties are clear.	This document is prepared by the lead attorney responsible for closing the loan. It may be helpful to include this document in the file for both user and investor deals.
Other Documentation	Copies of all correspondence with the borrower should be included.	Including all correspondence serves to avoid confusion between the lending agency and the other parties.	The file must contain copies of all the commitments agreed to by any party during loan origination.

INTERIM/CONSTRUCTION LOAN DISBURSEMENT CHECKLIST

DRAW#1	Amount Requested	Amount Authorized	Authorizing Staff Member	Copy of Check Included	Does Draw Exceed Prorata?
Date / /	_____	_____	_____	_____	Yes/No (If yes, explain)

Date of Site Inspection: / - / Inspection Documentation Included: Yes/No

STAFF COMMENTS: _____

DRAW#2	Amount Requested	Amount Authorized	Authorizing Staff Member	Copy of Check Included	Does Draw Exceed Prorata?
Date / /	_____	_____	_____	_____	Yes/No (If yes, explain)

Date of Site Inspection: / / Inspection Documentation Included: Yes/No

STAFF COMMENTS: _____

DRAW#3	Amount Requested	Amount Authorized	Authorizing Staff Member	Copy of Check Included	Does Draw Exceed Prorata?
Date / /	_____	_____	_____	_____	Yes/No (If yes, explain)

Date of Site Inspection: / / Inspection Documentation Included: Yes/No

STAFF COMMENTS: _____

DRAW#4	Amount Requested	Amount Authorized	Authorizing Staff Member	Copy of Check Included	Does Draw Exceed Prorata?
Date / /	_____	_____	_____	_____	Yes/No (If yes, explain)

Date of Site Inspection: / / Inspection Documentation Included: Yes/No

STAFF COMMENTS: _____

CHECKS TO BE MADE BEFORE CONVERTING LOAN TO PERMANENT:

Appropriate Davis-Bacon Documentation Included

Date: / /

Initials: _____

Retainage Documentation Included

Date: / /

Initials: _____

Certificate of Occupancy or Delivery of Equipment Inspection:

Date: / /

Initials: _____

Documentation of Performance of Cost Certification:

Date: / /

Initials: _____

Documentation of Performance of Lien Check

Date: / /

Initials: _____

Date Converted to Permanent:

Date: / /

Initials: _____

PERMANENT LOAN DISBURSEMENT CHECKLIST

CHECKS TO BE MADE BEFORE CONVERTING LOAN TO PERMANENT:

	Date	Initials
Is Any Appropriate Davis-Bacon Documentation Included?	/ /	_____
Is Any Retainage Documentation Included?	/ /	_____
Certificate of Occupancy or Delivery of Equipment Inspection:	/ /	_____
Has Cost Certification Been Performed?	/ /	_____
Has Lien Check Been Performed?	/ /	_____

Date of Draw	Amount Authorized	Authorizing Staff Member	Copy of Check Included
/ /	_____	_____	_____

LOAN OFFICER COMMENTS:

USING THE LOAN DISBURSEMENT CHECKLIST

Summary

Use this checklist to disburse funds and to document that all the required checks have been performed before the loan is converted to a permanent loan.

How to Use the Checklist

Step 1

Select the required checklist: if the loan being closed is an interim loan, use Interim/Construction Loan Disbursement Checklist, if the loan is being permanently financed, use the Permanent Loan Disbursement Checklist.

Step 2

Insert this checklist into each loan servicing file. Each time funds are disbursed, complete the relevant section of the document.

Step 3

When all the disbursements have been made, perform all the checks listed in the section entitled, "Checks to be Made Before Converting the Loan to Permanent." Each of the checks is required to ensure that the permanent loan conforms to the goals of the lending program and is financially secure. When each of the checks is completed, sign and date that this is the case in the appropriate place. Refer to the table below to resolve any uncertainty about the nature of the checks required.

Step 4

If appropriate, when the construction/interim loan has been converted to a permanent loan, date and initial the "Date Converted to Permanent" box. Then proceed to loan servicing. Please refer to the chart below if there are any questions about the terms used in the checklist.

LOAN DISBURSEMENT:GLOSSARY			
Term	Definition	Reason for Inclusion	Comments
Amount Requested	Payment requested by contractor or borrower for services and/or goods provided during a particular time period.	It is important to prove that the work for which payment has been requested has actually been performed.	The work performed or equipment delivered should be inspected before any disbursement of funds takes place.
Amount Authorized	Payment granted by lending agency based on the agency valuation of the work performed or goods supplied to date.	Before the payment is authorized, it is important to prove that the work for which payment has been requested has actually been performed.	Once the work performed or equipment delivered has been inspected, payment can take place. The inspection of construction work or equipment delivery needs to be carefully documented.
Prorata	The ratio of funds disbursed by the lending agency compared to those committed by other sources. E.g., if a borrower has arranged a loan totalling \$100,000, with \$80,000 (80%) from private sector sources and \$20,000 (20%) from CDBG funds, the maximum disbursement ratio of CDBG funds should be 20% of the overall funds committed at any stage of disbursement.	It is important to ensure that CDBG funds follow private sector funds rather than precede them. Checking the prorata or "disbursement ratio" will ensure that this policy is followed.	Funds should only be disbursed when the lending agency has verified the appropriate level of funds to be disbursed.
Documentation of Davis-Bacon Compliance	That workers employed on CDBG funded construction projects are paid the "prevailing wages" for the area in which the project is located.	Compliance with Davis-Bacon regulations must be carefully regulated during the construction process.	Davis-Bacon only applies to construction work with project costs which exceed \$2000.

LOAN DISBURSEMENT:GLOSSARY			
Term	Definition	Reason for Inclusion	Comments
Retainage	Funds withheld until the end of a construction project to ensure that the project is completed in an acceptable manner.	The final funds disbursed usually include the profit claimed by the contractor. By retaining these funds until the certificate of occupancy (C/O) has been obtained, the CDBG lending agency creates an incentive for the contractor to complete the project promptly and to a high standard.	Retainage documentation should be inserted into all investor deals involving contractors.
Certificate of Occupancy (C/O) or Delivery of Equipment Inspection	That construction is complete or that all equipment has been delivered. The C/O document certifies that all Health, Welfare, and Safety Codes have been satisfied.	This inspection certifies that the construction conforms to community standards.	This documentation must be included with every loan that has interim disbursements.
Cost Certification	That the project funds were expended on the items identified in the uses of funds statement. The amounts stated in the uses of funds document must correspond to those expended.	Cost certification ensures that the funds committed by the lending agency go towards the purposes they were intended to.	Cost certifications are generally performed by an accountant or another qualified third party, although this may only be possible with larger construction projects. Often cost certification depends on the submission of invoices to document that the funds were expended in the appropriate manner. Cost certification should always be performed.

LOAN DISBURSEMENT:GLOSSARY			
Term	Definition	Reason for Inclusion	Comments
Lien Check	<p>A series of checks on the borrower to check that none of the following have been filed:</p> <ul style="list-style-type: none"> a) Mechanics Lien Check by a contractor or equipment vendor for non-payment of bills for goods or services rendered b) Liens filed for non-payment of taxes owed c) Any other law suits. <p>(This check is called Lis Pendens).</p>	At each disbursement and before the loan is made permanent, care must be taken to ensure that the borrower is not facing any problems that might compromise the value of the collateral. These checks serve to identify any such problems.	Each of these checks should always be performed.
Permanent Loan	The status the loan assumes when disbursements have been completed, construction is closed out or equipment delivered, and the loan assumes the terms and conditions under which repayment will be made.	When all disbursements of funds are completed, the borrower is submitted to a number of checks, as outlined above. Once these checks have been satisfactorily concluded the loan will be made permanent.	

Exhibit I: Appropriateness

Since the City will likely utilize the eligible activity of special economic development, individual transactions may be subject to the appropriateness criteria enumerated in 24 CFR 570.209.

Financial Aspects: Appendix A

The City will document compliance with each economic development transaction according to “Guidelines and Objectives for Evaluating Project Costs and Financial Requirements” specified in 24 CFR 570.209(a):

Reasonableness of the Proposed Project Costs and Financial Feasibility

Each use of loan funds shall be evaluated to ensure the reasonableness of proposed project costs. The scope of this evaluation will depend on the size and nature of each project. Care will be taken to use third party evaluations of costs wherever appropriate, and particular attention will be exercised when an activity involves a non-arm’s-length transaction.

Commitment of all Sources of Funds

The City shall review every project to verify that all sources of funding are committed prior to disbursement of Section 108 Loan funds.

Substitution of CDBG funds for Private Sources

City staff will evaluate all projects to ensure conventional debt and equity within the capital structure are reasonable. Moreover, staff will document that Section 108 funds are not substituting for private funds and that the Section 108 funds bridge a Financing gap, a Rate of Return gap or a Locational gap.

Feasibility of the Project

Staff will document that with the inclusion of the Section 108 funds in the capital structure, all transactions conform to the Underwriting Guidelines enumerated in Exhibit F. Accordingly, all transactions will comply with a low to moderate risk profile.

Return on Owner's Equity

The City will document whether the Return on Equity is excessive. The type of transaction may affect the analysis and may include pre-tax evaluations, after-tax calculations, net present value or internal rate of return. This component is difficult to apply to small and medium businesses and may not be applicable.

Pro Rata Disbursement Policy

It is the intent of the Section 108 Loan Pool to disburse funds on a pro rata basis with other funds being used in specific projects. In those situations where pro rata disbursement is not followed (such as acquisition of real property), staff will justify the procedure and seek alternative means to mitigate risk.

Public Benefit

The City will also document the conformance of economic development transactions to “Standards for Evaluating Public Benefit” enumerated in 24 CFR 570.209(b). In particular, staff will properly document compliance with both the individual and aggregate standards.

Under the provisions of 24 CFR 570.209(b)(2)(v)(F), the grantee may elect to waive the aggregate standard if the assistance is provided to a business located in a census tract with a minimum of 20% of its residents below the threshold for poverty.

For the majority of transactions, staff will employ the number of jobs as the criterion for documenting public benefit; however, in limited situations, the group reserves the option of utilizing the number of low and moderate-income persons the project serves.

Exhibit J: Certifications

Certifications to Accompany HUD Section 108 Loan Guarantee Program Applications for Entitlement Public Entities

Instructions for Use

Entitlement public entities, which are metropolitan cities or an urban counties receiving a Community Development Block Grant (as defined in 24 CFR 570.701), can use **the certifications in this form as well as the attached form containing certifications regarding lobbying when submitting an application for Section 108 Loan Guarantee Program assistance.**

The Section 108 Loan Guarantee Program is authorized by Section 108 of the Housing and Community Development Act of 1974, as amended, 42 USC §5308. The program's authorizing statute and governing regulations at 24 CFR part 570, subpart M, and in particular 24 CFR 570.704(b), require applications for loan guarantee assistance submitted by these entities to be accompanied by certain certifications.

States or non-entitlement entities should not use this form, as there are different requirements for these entities when submitting an application. For more information on the requirements for States and non-entitlements, please email section108@hud.gov.

HUD will normally accept the certifications submitted with the application; however, HUD may consider relevant information which challenges the certifications and require additional information or assurances from the public entity as warranted by such information.

Certifications to Accompany HUD Section 108 Loan Guarantee Program Applications for Entitlement Public Entities

ENTITLEMENT PUBLIC ENTITY CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing Section 108 application submission requirements, the undersigned certifies, on behalf of the entitlement public entity and to the best of his or her knowledge and belief, that:

1. It possesses the legal authority to make the pledge of grants required under 24 CFR 570.705(b)(2);
2. It has made efforts to obtain financing for activities described in the application without the use of the loan guarantee, it will maintain documentation of such efforts for the term of the loan guarantee, and it cannot complete such financing consistent with the timely execution of the program plans without such guarantee;
3. It possesses the legal authority to submit the application for assistance under 24 CFR Part 570, Subpart M and to use the guaranteed loan funds in accordance with the requirements of Subpart M;
4. Its governing body has duly adopted or passed as an official act a resolution, motion or similar official action:
 - (a) Authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and
 - (b) Authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b));
5. Before the submission of its application to HUD, it has:
 - (a) furnished citizens with information required by 24 CFR 570.704(a)(2)(i);
 - (b) held at least one public hearing to obtain the views of citizens on community development and housing needs;
 - (c) prepared its application in accordance with the citizen participation requirements and made the application available to the public;
6. It is following a detailed citizen participation plan that meets the requirements described in 570.704(a)(2);
7. It will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
 - (a) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.); and
 - (b) The Fair Housing Act (42 U.S.C. 3601-3619);
8. In the aggregate, at least 70 percent of all CDBG funds, as defined at §570.3, to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for

Certifications to Accompany HUD Section 108 Loan Guarantee Program Applications for Entitlement Public Entities

activities which benefit low- and moderate-income persons, as described in criteria at §570.208(a);

9. It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low- and moderate-income housing described in §570.606;
10. It will comply with the requirements of 24 CFR 570.200(c)(2) with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds;
11. (Where applicable, the public entity may also include the following additional certification.)
It lacks sufficient resources from funds provided under this subpart or program income to allow it to comply with the provisions of 24 CFR 570.200(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the non-guaranteed loan funded portion of the capital cost without paying such assessments in their behalf from guaranteed loan funds;
12. It will comply with the other provisions of title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 et seq.) and with other applicable laws.

City of Birmingham
(Entitlement Public Entity)


(Signature of Authorized Official)

5/17/2023
(Date)

Meghan Venable-Thomas, Community Development Director
(Typed Name and Title of Authorized Official)

Certifications to Accompany HUD Section 108 Loan Guarantee Program Applications for Entitlement Public Entities

SECTION 108 LOAN GUARANTEE PROGRAM

Certification Regarding Lobbying

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:


(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

City of Birmingham
(Entitlement Public Entity)


(Signature of Authorized Official)

Meghan Venable-Thomas, Community Development Director
(Typed Name and Title of Authorized Official)

5/17/2023
(Date)

Certifications to Accompany HUD Section 108 Loan Guarantee Program Applications for Entitlement Public Entities

SECTION 108 LOAN GUARANTEE PROGRAM

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

City of Birmingham
(Entitlement Public Entity)


(Signature of Authorized Official)

Meghan Venable-Thomas, Community Development Director
(Typed Name and Title of Authorized Official)

5/17/2023
(Date)

Exhibit K: Presubmission Requirements

The City of Birmingham is in the process of including the proposed Loan Pool in its Consolidated Plan and Action Plan. Accordingly, the activity conforms to the public notices, public hearings, the Citizen Participation Plan and other provisions enumerated in 24 CFR 570.704(a).

Consistent with pre-submission requirements and related certifications detailed in Exhibit J, the city's Section 108 Loan Pool application aligns with the needs, goals and priorities summarized in the city's 2020-2025 HUD Consolidated Plan. Specifically Birmingham's Consolidated Plan details the use of federal entitlement funds and financing to address five priority needs:

1. Promotion of jobs and business creation
2. Affordable housing supply and quality
3. Services and housing for homeless population
4. Development and implementation of public services
5. Housing and services for special needs populations

The city's HUD Consolidated Plan goals align with these five areas of need. Section 108 financing will be used to support these needs and goals, through a racial equity and equitable development lens and to meet the following objectives:

- Enhance the City's economic stability and prosperity by investing in economic development programs that encourage development and assist businesses with promotion and revitalization activities within targeted business districts.
- Improve housing opportunities by creating and preserving affordable rental and homeowner housing in close proximity to transit, employment and community services.
- Assist individuals and families to stabilize in permanent housing after experiencing a housing crisis or homelessness by providing client-appropriate housing and supportive service solutions.
- Invest in community services and nonprofit facilities that maximize impact by providing new or increased access to programs that serve highly vulnerable populations such as youth and seniors.
- Meet the needs of persons with HIV/AIDS and other special needs and their families through the provision of housing, health, and support services

The City seeks to optimize Section 108 as a resource in supporting development efforts to serve Low- and Moderate-Income (LMI) households, providing affordable housing, job opportunities, improved facilities and infrastructure, and support for businesses.