

Memorandum



DATE January 29, 2010

TO Members of the Economic Development Committee: Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Ann Margolin and Steve Salazar

SUBJECT **South Dallas/Fair Park Inner City Community Development Corporation (ICDC) Loan February 10, 2010 Council Agenda**

On February 10, 2010, City Council will be asked to consider authorizing Supplemental Agreement No. 1 to the contract between the City and the Southern Dallas Development Corporation (SDDC), which administers the Business Loan Program on behalf of the City to: **(1)** allow for the administration, servicing, collection of payments and monitoring of a loan between the City and the South Dallas/Fair Park Inner City Community Development Corporation (ICDC), for the purchase of the Grand Plaza Shopping Center; and **(2)** collect and account for any program income to be used consistent with the Business Loan Program.

BACKGROUND

This action is to properly transfer the administration, servicing, collection of payments and monitoring of a loan from the City of Dallas to the Southern Dallas Development Corporation (SDDC) without the necessary authorization of the City Council; and to authorize SDDC to use principal and interest collected and account for Program Income (principal and interest) from loan payments to fund the Business Loan Program.

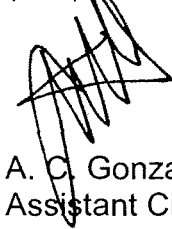
The ICDC loan in the amount of \$610,000 was made pursuant to a Participation Agreement with NCNB Texas (now Bank of America) to purchase the Grand Plaza Shopping Center. Under the Agreement, NCNB loaned ICDC \$200,000 for the project. Collection for both loans was in the care of NCNB Texas ("Holder of the Note") and deposited to specific City of Dallas accounts. The NCNB loan has been paid off, NCNB is no longer the "Note Holder", no longer service the loan and have released their 1st Lien position.

In July, 1994, the administration, servicing, collection of payments and monitoring of the ICDC loan was transferred by the City to SDDC without City Council approval.

FISCAL INFORMATION

No cost consideration to the City

Should you have any questions concerning this information, please contact me at (214) 670-3314.



A. C. Gonzalez
Assistant City Manager

- C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
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Judge C. Victor Lander, Administrative Judge Municipal Court
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SUBJECT **Summary of FY 2009 Activity in Dallas TIF Districts – TIF Annual Report Items, February 10, 2010 Council Agenda**

Background

Two new TIF districts were created during the fiscal year – TOD and Maple-Mockingbird approved by City Council on December 10, 2008 bringing the number of active TIF districts to seventeen (State-Thomas, the first created by the City, officially closed with the 2008 calendar year).

During FY 2009 most of the seventeen (17) TIF Districts experienced increased activity; however, property value growth compared to the prior year has been negatively impacted by the economy. Growth in property values compared to the base year of the districts is still very strong. Overall taxable real property value decreased by 1.3% (\$84,512,082) from last year compared to a 3.9% decline for the City as a whole. Ten of seventeen districts increased in value over last year with the largest increases in Vickery Meadow, 31.4%; Oak Cliff Gateway, 15.6%; and Design District, 14.3%.

Overall TIF District property value growth since inception and 2009 is 98.1%. For the six TIF Districts created between 1988 and 1998, overall value has grown by 155%. The State-Thomas TIF, since it is officially closed, is excluded from the district totals. As of 2009, the property value growth in State-Thomas TIF exceeded \$366 million or 770% from inception.

The Sports Arena TIF District had the highest rate of overall growth rate, 2962% above the base year. The Cityplace TIF District, now maturing, had a 963% increase from the base year. Newer TIF Districts created after 2005, had an overall value growth of 70%. Among those, the Downtown Connection and Vickery Meadow TIF Districts had the highest increase, 169% and 107% respectively.

Total TIF expenditures or allocations of \$506 million leveraged nearly \$6.201 billion in added or anticipated property value in TIF Districts since the inception of each TIF District. For every TIF dollar committed, \$12 was returned in private investment. This return does not include the amount of increased sales tax, hotel/motel taxes and personal property taxes, nor does it include the taxes paid to the various taxing jurisdictions, including the Dallas Independent School District (DISD). We estimate the amount of additional taxes paid to DISD for increased property value in Dallas TIF Districts is \$35.2 million for the fiscal year 2009 alone.

TIF District Property Value Growth from Inception to 2009

TIF District	Initial (Base)	2008 Taxable Value	2009 Taxable Value	2008 vs 2009 (% Change)	Initial vs 2009 (% Change)
TIF Districts created between 1988-1998					
Cityplace	\$45,065,342	\$477,614,273	\$479,130,642	0.3%	963.2%
Oak Cliff Gateway	\$38,570,128	\$95,665,708	\$110,576,980	15.6%	186.7%
Cedars	\$35,300,760	\$82,965,625	\$88,310,318	6.4%	150.2%
City Center	\$876,190,065	\$1,486,707,434	\$1,361,888,486	-8.4%	55.4%
Farmers Market	\$27,706,851	\$111,085,798	\$107,740,320	-3.0%	288.9%
Sports Arena	\$16,423,773	\$574,085,475	\$502,927,411	-12.4%	2962.2%
Subtotal	\$1,039,256,919	\$2,828,124,313	\$2,650,574,157	-6.3%	155.0%
TIF Districts created after 2005					
Design District	\$141,852,062	\$233,718,204	\$267,236,738	14.3%	88.4%
Vickery Meadow	\$161,270,320	\$254,187,760	\$333,880,140	31.4%	107.0%
Southwestern Medical (Zone A-B)	\$67,411,054	\$112,045,304	\$121,478,819	8.4%	80.2%
Downtown Connection (Zone A-B)	\$564,917,317	\$1,518,837,966	\$1,518,951,600	0.01%	168.9%
Deep Ellum (Zone A-B)	\$113,885,770	\$157,473,404	\$164,078,459	4.2%	44.1%
Grand Park South	\$44,850,019	\$55,283,844	\$53,144,248	-3.9%	18.5%
Skillman Corridor	\$335,957,311	\$440,373,840	\$413,672,373	-6.1%	23.1%
Fort Worth Avenue	\$86,133,447	\$95,310,391	\$97,749,324	2.6%	13.5%
Davis Garden (Zone A-B)	\$137,853,667	\$164,058,305	\$155,532,631	-5.2%	12.8%
TOD TIF (all subdistricts)	\$270,573,358	\$270,573,358	\$262,645,376	-2.9%	-2.9%
Maple-Mockingbird	\$176,690,019	\$176,690,019	\$183,220,761	3.7%	3.7%
Subtotal	\$2,101,394,344	\$3,478,552,395	\$3,571,590,469	2.7%	70.0%
Total All Districts	\$3,140,651,263	\$6,306,676,708	\$6,222,164,626	-1.3%	98.1%

Notes: State-Thomas TIF legally expired 12/2008 and no longer officially reporting
 Cityplace TIF no longer collecting increment with 2009 tax year
 Districts with Zone A & B reflect original boundary (Zone A) plus accounts added with 2008 as base yr (Zone B)

Although most new taxable value growth in TIF Districts is captured to fund public improvements in those Districts, there has been some added benefit to the City's general fund. The Cityplace TIF District reached its budget cap early, has stopped

collecting increment, and is estimated to contribute \$3,246,374 to the City for tax year 2009. New general fund revenue associated with the now closed State-Thomas TIF District is excluded from the totals but is estimated to contribute \$2,929,764 to the City this tax year. Districts created in 2005 and later have varied City participation ranging from 55-90% of total taxes and some have delayed increment collection in the initial years, allowing some new growth into the general fund. Estimated 2009 and projected 2010-2011 increment collection and new general fund revenue is shown below:

Estimated TIF District Increment Collection and Added General Fund Revenue

Tax Year	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
2009 Total Increment	\$11,541,378	\$13,763,033	\$25,304,411
2009 (City) Increment	\$9,690,985	\$8,396,014	\$18,086,999
2009 new City General Fund	\$1,076,776	\$3,942,157	\$5,018,933
2010 Projected Total Increment	\$12,987,321	\$16,420,709	\$29,408,030
2010 Projected (City) Increment	\$10,966,207	\$10,334,458	\$21,300,665
2010 Projected new City Gen. Fund	\$1,218,467	\$5,823,005	\$7,041,472
2011 Projected Total Increment	\$14,668,717	\$19,758,889	\$34,427,606
2011 Projected (City) Increment	\$12,386,099	\$12,832,928	\$25,219,027
2011 Projected new City Gen. Fund	\$1,376,233	\$6,807,376	\$8,183,609

Total increment is estimated TIF collections for all participating taxing jurisdictions.

City Increment is the estimated City contribution to the TIF Funds.

New City General Fund is the estimated added revenue from increased property value not captured by TIF Funds.

TIF Districts have also been catalysts for improving the real estate market in areas that were lagging, drawing new residents into the City's core and DART station areas, and creating new mixed-use neighborhoods. As of FY 2009, approximately 15,244 new residential units were completed in the City's eighteen TIF Districts (including State-Thomas), an additional 1,996 are under construction, and another 15,808 units are planned. Over 6.2 million square feet of new or redeveloped retail, office, and other commercial space has been completed in the seventeen TIF Districts. Over 1.3 million square feet of commercial space is under construction and another 5.4 million square feet of space is planned. New hotel construction includes 2,839 completed rooms, 170 under construction, and another 790 rooms planned.

During FY 2009, an estimated 327 dilapidated multi-family units were demolished in the Davis Garden TIF District. In the prior year, over 4,015 dilapidated units were demolished primarily in the Skillman Corridor and Davis Garden TIF Districts.

Redevelopment of the former apartment sites is either underway or in the planning stages. Demolition plans were also being finalized for the former Colorado Place Apartments in the Fort Worth Avenue TIF District.

The following table summarizes new development in downtown and non-downtown TIF Districts. The two downtown TIFs, City Center and Downtown Connection, comprised 19.1% of constructed or planned residential units, 30% of commercial space and 74.8% of completed or planned hotel rooms.

New Residential and Commercial Development in TIF Districts

Development	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
Residential Units			
Completed	4,351	10,893	15,244
Under Construction	829	1,167	1,996
Planned	570	15,238	15,808
Resid. Total	5,750	27,298	33,048
Commercial (retail, office, other com.) Square Footage			
Completed	1,782,700	4,504,496	6,287,196
Under Construction	654,000	651,720	1,305,720
Planned	1,436,525	3,945,954	5,382,479
Com. Total	3,873,225	9,102,170	12,975,395
Hotel Rooms			
Completed	2,521	318	2,839
Under Construction	170	0	170
Planned	150	640	790
Hotel Total	2,841	958	3,799

Construction activity in TIF Districts is on-going and despite current economic conditions several new projects are planned and approved for TIF incentives. Major TIF-related projects that completed construction in FY 2009, with a combined value over \$651 million are shown in the following table and took place in several districts.

City Council also authorized development agreements for seven new projects in the City's seventeen TIF Districts. These anticipated projects will have an estimated value of \$255 million at completion. However, recently approved projects may encounter difficulty moving forward in the current financial market.

Major TIF-Related Projects Completed or Approved in FY 2009

Project	District	Description	Value^	TIF Investment
Completed in FY 2009				
Bishop Colorado Retail	Oak Cliff Gateway	15,000 sf retail	\$3,200,000	\$350,000
The House by Starck & Yoo*	Sports Arena	150 condos; 30,000 sf retail	\$64,710,910	\$0
Alta Design District	Design District	304 resid. units	\$32,891,170	\$0
Alexan Design District	Design District	355 resid. units	\$27,885,880	\$0
Park Lane Place Ph I	Vickery Meadow	629,000 sf retail; 300 resid. units; 97,000 sf. office	\$194,943,740	\$20,000,000
Alexan Southwestern Medical	Southwestern Medical	396 resid. Units	\$18,798,960	\$0
Rosewood Court	Downtown Connection	400,000 sf office; 12,000 sf retail	\$150,000,000	\$0
Lincoln/Corrigan	Downtown Connection	445,000 sf office; 15 resid. units; 6,500 sf retail	\$120,000,000	\$0
Village View Redevel.	Skillman Corridor	422 resid. Units	\$38,887,050	\$0
Approved in FY 2009				
State-Thomas Infrastructure Completion	State-Thomas	Design & construction of remaining infrastructure	n/a	\$7,200,000
Design District Hotel	Design District	190 hotel rooms; 3,000 sf retail	\$30,000,000	\$1,605,000
Atmos Complex	Downtown Connection	225 resid. units; 10,000 sf retail	\$50,241,603	\$12,560,401
Hall Arts Center	Downtown Connection	430,000 sf office; 30,000 sf retail	\$120,000,000	\$5,000,000
La Reunion Phase I	Fort Worth Avenue	262 resid. units; 12,000 sf retail	\$30,000,000	\$6,500,000
La Reunion Phase II - Orleans at La Reunion	Fort Worth Avenue	220 resid. units; 25,000 sf retail	\$25,000,000	\$4,700,000

^Values reflect current DCAD market value for completed projects or estimated value for those planned

**Sports Arena TIF funds were dedicated for infrastructure in the District, not individual projects*

State law requires the preparation of an annual report for each TIF District that summarizes the activities of each area. The state requirements for this report are minimal. In order to better explain the progress of each TIF District, staff has created a report that shows additional information. The reports include the following information:

- Mission Statement for the TIF District
- Accomplishments to Date

- Project Status – Type and amount of new development by project including private investment, new residential units, commercial space created, TIF investment, completion (or expected completion) date
- Other District-wide initiatives, where applicable
- Map of the TIF District
- Taxable value and increment revenue summary – what is the captured appraised value for the District and the expected increment collection
- Objectives and Success Indicators for the TIF District
- Summary of City Council actions related to the TIF District
- TIF Project Plan budget status – projected increment revenues to retire TIF fund obligations, expenditures, and the total plan budget
- M/WBE participation in TIF Contracts
- Bond sales and repayment, where applicable
- FY 2010 Work Program

The Annual Reports, upon adoption by City Council, will be submitted to the other taxing jurisdictions participating financially in each District and to the Texas Attorney General and state Comptroller.

Financing

No cost consideration to the City.

Recommendation

Staff recommends City Council approval of all the TIF Annual Reports.

Should you have any questions, please contact me at (214) 670-3314.



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SUBJECT **Authorize a Special Economic Development Loan Agreement with Richard Knight d/b/a the MLK/175 Gateway Project in the amount of \$ 92,800 for the South Dallas/Fair park Trust Fund FY 08-09.**

Authorize a Commercial Loan Agreement with Freedom Fashions in the amount of \$50,000 for the South Dallas/Fair Park Trust Fund FY 08-09.

Authorize a Commercial Loan Agreement with Namamai Services, LLC in the amount of \$50,000 for the South Dallas/Fair Park Trust Fund FY 08-09.

Richard Knight d/b/a MLK/175 Gateway Project is located at 2321 MLK Blvd, Dallas, 75215. The project involves rehabbing an existing commercial facility which will be leased to an auto repair, auto service related business. The building is currently owned by former Dallas City Manager Richard Knight. Trust funds will be used to purchase and/or install carpets, electrical system, exterior fence, flooring, paint, roof repair, texturing, tile, an HVAC system, lighting, cabinets, doors and store front windows.

Once completed, the project will create 5 permanent and 8 temporary jobs. Vertical improvements will total \$45,850.00 while landscape improvements will equal \$1,150.00 Sales generated will approximate \$528,000.00 per year. The economic impact of the project is estimated at \$600,000.00.

Freedom Fashions is a sole proprietorship, owned and operated by Ephraim and Helen Oladirian. Specializes in men's casual clothing, the store is located at 2716 MLK Blvd, Dallas, 75215, and has been in business for over 25 years. The applicants are former borrowers of the Trust Fund and have timely paid off the prior loan in full. The purpose of this loan is to purchase new equipment, inventory (women and children's clothing) and make leasehold improvements.

Namamai Services, LLC is located at 5200 East Grand Avenue, Suite 555, Dallas, 75223 and is owned and operated by Charles Senteio. An 18 month old business, Namamai Services, LLC provides in-home social/clinical support to vulnerable patients. The goal of the business is to reduce patient hospitalization, by focusing on clinically, socially, or financially vulnerable patients. The purpose of the loan is to provide operating expenses and to hire two (2), Community Health Workers.

STAFF RECOMMENDATION

The loans presented conforms to the underwriting guidelines established by South Dallas/Fair Park Trust Fund policies and procedures. Staff recommends Council approval of the above referenced Special Economic Development Loan in the amount of \$92,800 to Richard Knight d/b/a the MLK/175 Gateway Project, a Commercial Loan in the amount of \$50,000 to Freedom Fashions and a Commercial Loan in the amount of \$50,000 to the Namamai Services.

Should you have any questions concerning this information, please contact me at (214) 670-3314.



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Fact Sheet
Special Grant or Loan Program: MLK/ 175 Gateway Project

Applicant: Richard Knight d/b/a the MLK/175 Gateway Project

Loan Amount Requested: \$92,800

Term of Loan: Five Years (60 months)

Monthly Note Payment: \$1,667.50

Annual Debt Service: \$20,010

Interest Rate: 3% (simple interest)

Project Location: 2321 MLK Blvd, Dallas, 75215

Loan Purpose: To rehab an existing commercial facility to lease to an auto repair, auto service related business that will bring jobs and improve a deteriorated facility

Business Description: The location is a vacant car repair shop that has not operated since 2006. The proposed new operation will enhance the building facade, shield automobiles and the automotive operation from public view and add landscaping to make the site aesthetically appealing, consistent with the plan to make the Martin Luther King corridor a gateway into South Dallas Fair Park

The applicant will utilize Trust Fund resources to rehab the facility and to lease same to an auto repair, auto service related business. Trust Fund monies will be used to purchase and/or install carpets, electrical system, exterior fence, flooring, paint, roof repair, texturing, tile, an HVAC system, lighting, cabinets, doors and store front windows and landscaping.

Economic Impact: The applicant estimates the operation to add a total of 5 permanent jobs and 8 temporary jobs. Improvements to the facility will substantially increase the tax value as well as reduce urban blight and eliminate a longstanding eyesore. Sales generated are projected at \$528,000.00 annually.

Collateral Pledged: The commercial property located at 2321 MLK Blvd, Dallas, TX 75215, which is the subject of this request. Said property is listed by the Dallas Appraisal District at \$245,400. Because CAD property appraisals are generally undervalued, the Trust Fund Policies and Procedures Manual provide a property value enhancement of 110% of CAD.

MLK/175 Special Gran
Special Loan Program

Collateral Analysis

Enhanced value is \$269,940

First Lien -136,500

Equity \$133,440

Collateral Coverage:

Equity \$133,440 / \$92,800 = 1.43

Loan to Value:

Adjusted Value: \$269,940/ Total Debt (including Fund Loan, \$229,300) = 84%

In addition to the current value, collateral will be enhanced by the planned property improvements, thereby increasing the Trust Funds collateral position

Credit Score: The average merge credit score at Equifax Experian and Trans Union is Fair

Credit report shows minor delinquency. However, none are past 60 days. There are no public record filings.

Debt Service Coverage: The lease period is 36 months at \$2,400; increasing to \$3,000 in year 2 with first right of refusal to lease after 3 years. In addition to the lease, the property has advertising signage that will generate \$500.00 per month. Based on projected cash flow, debt service from leasing meets the required 1.20 minimum coverage per Trust Fund Policy. The borrower believes the rehabilitation of the building justifies utilizing any personal cash flow needed to meet any shortfall if lease payments are inconsistent and/or lessee declines option renewal after 3 years..

CPA compiled personal Financial Statements dated 9-30-09, shows net income after debt service on all business and personal obligations in excess of \$200K and personal net worth significantly higher than the national average. Personal tax returns in file and reviewed.

Trust Fund Advisory Board Action: By action of Tuesday, 12-8-09, the Advisory Board unanimously approved the application, pursuant to the following conditions:

- ✓ Verify outstanding liens on collateral
- ✓ Execute 2nd lien position in pledged collateral.
- ✓ UCC filings on business equipment
- ✓ Personal Guarantee from Richard and Mavis Knight
- ✓ Assignment of lease from tenant.
- ✓ Require an interior/exterior rendering.

- ✓ Full compliance with all city guidelines regarding car repair servicing businesses.
- ✓ Auto services functions not visible to the public.
- ✓ Automotive products not on display and/or visible to the public.
- ✓ Quarterly financial business performance reports throughout the life of the loan.

Fact Sheet
Business Commercial Loan
Freedom Fashions

Applicant: Ephraim and Helen Oladiran Freedom Fashion

Loan Amount Requested: \$50,000.00

Term of Loan: Five Years (60 months)

Monthly Note Payment: \$898.00

Annual Debt Service: \$10,776

Interest Rate: 3% (simple interest)

Business Location: 2716 Martin Luther King, Jr. Blvd, Dallas TX Dallas, 75215

Loan Purpose: purpose of the loan is to purchase new equipment, expand inventory (women and children's clothing) and to make leasehold improvements.

Business Description: Ephraim and Helen Oladirian d/b/a Freedom Fashions, is sole proprietorship located at 2716 MLK Blvd, Dallas, 75215. For over 25 years, the business has remained in this location, specializing in men's casual clothing. Freedom Fashion is a previous borrower of the Trust Fund and timely paid the previous loan in full. The loan is secured by a 2nd lien in a rental property and unimproved land with combined equity of \$80,400 (unimproved land valued at \$6,600). Economic impact is increased retail sales

Collateral Pledged: Rental property located at 431 Whitley St., Grand Prairie, TX, According to the DCAD, the home is appraised at \$72,800 including land and improvements. Because such property appraisals are generally undervalued, the Trust Fund Policies and Procedures provides a property value enhancement to 110% of CAD. Per applicant, the balance owed on the 1st lien is approximately \$4,900. In addition, the applicant is pledging unimproved land with a CAD value of \$6,600

Collateral Analysis:

Enhanced value is	\$ 80,100
First Lien	-4, 900
Equity	\$ 75,200
Land @ 50%	3,300 (un improved land owned without liens)
Total Equity	\$ 78,200

Fact Sheet
Freedom Fashions

Collateral Coverage:

Equity \$78,200 / \$50,000 = 1.56

Loan to Value:

\$54,900 Loans (includes Trust Fund loan)/Adjusted Value \$83,300 Value = .66%

Lien Position: Second to the lien holder on the pledged rental property. 1st lien on unimproved land

Credit Score: The average merge credit score from Equifax, Experian and Trans Union is excellent.

Debt Service Coverage: Based on projected cash flow for 3 years, debt service begins at 1.26 and increases to meet the required 1.20 minimum debt service coverage per Trust Fund policy. Projections are being requested for the remaining 2 years of the loan.

Tax Returns, bank statements are in file and reviewed.

Trust Fund Advisory Board Action: By action of Tuesday, 12-8-09, the Advisory Board unanimously approved the application, pursuant to the following conditions:

- ✓ Verify outstanding liens on collateral
- ✓ Comply with collateral analysis
- ✓ Execute appropriate lien positions in pledged collateral
- ✓ Submit years 3 and 4 projections for project. Maintain required D/S coverage
- ✓ Personal Guarantee from Ephraim and Helen Olardarin
- ✓ Quarterly financial reports throughout the life of the loan
- ✓ Subject to City Council approval
- ✓ Comply with all City of Dallas Regulations

Fact Sheet
Business Commercial Loan: Namamai Services, LLC

Applicant: Charles Senteio d/b/a Namamai Services, LLC

Loan Amount Requested: \$50,000.00

Term of Loan: Five Years (60 months)

Monthly Note Payment: \$898.00

Annual Debt Service: \$10,776

Interest Rate: 3% (simple interest)

Business Location: 5200 East Grand Avenue, Suite 555, Dallas, 75223

Loan Purpose: To provide working capital to meet operating expenses of current home health care business and to create a “proof of concept” arrangement with health care business clients. In addition, the loan will be used to hire of two community health workers.

Business Description: An 18 month old business, Namamai Services, LLC provides in-home social/clinical support for vulnerable patients in order to reduce their hospitalization. The business focus is vulnerable patients as defined by clinical, social, or financial factors, many of whom are South Dallas residents.

The business offers pre and post care financial and clinical analysis of patient data as well as offering strategic development and insight concerning the management of medical services. Reduced costs and improved patient outcomes are keys to business success.

Services are provided through community health workers trained in developing relationships of influence, who work closely with patients in their homes. The business is paid via fee based, structured engagements. Compensation is based on performance, largely defined by costs savings from reduced hospitalization.

Collateral Pledged: Rental property located at 121 Hanover St., Grand Prairie, Texas. According to internet site “www.Zillow.com the home is appraised at \$144,930.00. DCAD value per Trust Fund guidelines must be equal to or greater than the Zillow value to determine the usable value of the collateral. Because such property appraisals are generally undervalued, the Trust Fund Policies and Procedures Manual provides a property value enhancement to 110%.

**Fact Sheet,
Namamai Services, LLC**

Per mortgage statement the applicant owes \$65,191.74 on the 1st lien.

Enhanced value is	\$159,423
First Lien of	-65,191
Equity	\$ 94,231
Collateral Coverage:	
Equity \$94,231 / \$50,000 =	1.88
Loan to Value:	
Adjusted Value: \$159,423/ Total Debt (including Fund Loan, \$115,191) =	.72%

Lien Position: Second to the lien holder on the pledged property.

Credit Score: The average merge credit score from Equifax, Experian and Transunion, is excellent

Debt Service Coverage: Based on projected cash flow during the life of the loan, debt service does not meet the required 1.20 debt service coverage per Trust Fund policy. Projections for the expanded business being financed, shows a negative cash flow for the first two years. However, the Borrower is engaged in ancillary health care consulting that he anticipates will generate in excess of \$50,000 in 2010 and increase 10% to 15% each year thereafter. The additional income will bring debt service coverage for business and person debt to greater than 1.20.

Borrower has submitted investment account statements that show cash reserves greater than \$100K. Borrower's personal financial statement shows a tangible net worth less cash investments greater than average national net worth of \$430,000 in October 2008. Borrower's net worth does not include cash investments.

Based upon the borrower's liquid asset capacity, strong net worth, collateral value and high credit score, the Trust Fund Advisory Board believes that the risks associated with debt service coverage less than 1.20 in the first 2 years of operation is mitigated.

Trust Fund Advisory Board Action: By action of Tuesday, 12-8-09, the Advisory Board unanimously approved the application, pursuant to the following conditions:

- ✓ Verify outstanding liens on collateral
- ✓ Execute 2nd lien position in pledged collateral.
- ✓ Personal Guarantee from Charles Senteio
- ✓ Quarterly financial reports throughout the life of the loan
- ✓ Comply with all City of Dallas Regulations