

NORTHEAST NEBRASKA ECONOMIC DEVELOPMENT DISTRICT

Board of Directors Meeting

The Imperial Grill

118 E 4th St, Neligh, NE 68756

Wednesday, August 26th, 2009 - 7:15 p.m.

Agenda

- I. Call to Order:** Inform the public about the location of the Open Meetings Act and that it is accessible to the public (LB 898).
- II. Roll Call**
- III. Secretary's Report**
- A. Approval of Agenda
 - B. Approval of July 2009 Minutes (as mailed)
- IV. Treasurer's Report**
- A. July Treasurer's Report - Attachment #1
- V. Old Business**
- A. RLF Report - Attachment #2
- VI. New Business**
- A. RLF Loans – Attachment #3
 - 1. Burbach's Countryside Dairy, LLC., Dean & Lisa Burbach - Hartington
 - 2. Montessori Circle of Friends, Jim & Cheryl Keller – Norfolk
 - B. City of Columbus Down Payment Assistance – Attachment #4

<u>Applicant #</u>	<u>Amount</u>	<u>Recommendation</u>
# 100282	\$16,014	Approval
 - C. Loan Subordination – Client #4041
 - D. Adopt Subordination Policy – Attachment #5
 - E. Amend Housing Rehabilitation, Down Payment Assistance and New Construction with Down Payment Assistance Guidelines to Reflect Subordination Policy.
- VII. Chairman's/Board Comments**
- Next meeting:** *The next meeting is on Wednesday, September 30th, 2009 at 7:15 p.m. at the NENEDD Offices, 111 S 1st St, Norfolk.*
- VIII. Adjournment**

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall
As of 7/31/2009

	Current Period Balance
Assets	
Cash in Bank - Checking	68,778.29
Savings Unrestricted - NPAIT 001	266,894.78
EDA RLF - NPAIT 002	208,405.13
Reserved Funds - NPAIT 013	75,639.13
Microloan Fund - NPAIT 003	6,231.19
Security Reserve Account	23,717.95
NE Regional RLF - NPAIT 004	289,146.92
Santee Micro Fund - NPAIT 012	8,002.28
IRP Loan Fund - NPAIT 006	384,552.25
HUD Business RLF - NPAIT 008	168,869.34
Unrestricted 2-Year CD	19,668.78
IRP Loss Reserve - NPAIT 009	15,075.44
Grants Receivable	3,084.00
Accounts Receivable	151,097.18
RLF Notes Receivable	1,428,777.71
Microloan Notes Receivable	46,250.25
NE Regional Notes Receivable	213,334.20
Prepaid Expense	326.59
IRP Fund Notes Receivable	1,336,571.92
HUD Business Loan Notes Receivable	60,314.41
Regional Rehab Notes Receivable	74,137.87
HUD Rehab Notes Receivable	90,739.12
IRP 2 NPAIT 015 Loan Loss Reserve	29,781.07
Housing Construction - NPAIT 016	1,307.42
Unrestricted CD-Midwest #882523	25,308.08
Cash in Bank - EDA Conference	1,031.93
Unrestricted CD-Midwest #881867	1,546.88
Allowance for Uncollectible A/R	(23,000.00)
Allowance for Uncollectible Notes	(493,000.00)
Furniture and Equipment	192,026.81
Accumulated Depreciation	(145,273.26)
Total Assets	4,529,343.66
Liabilities	
Accounts Payable	4,953.66
Other Payables	235.79
Stanton National Bank Line of Credit	20,000.00
Accrued FICA Payable	3,678.62
Federal Tax Withheld	1,914.19
State Tax Withheld	2,491.64
457 Withheld	840.79
Miscellaneous	(4.15)
Health Insurance Payable	61.21
Cafeteria Premium Payable	330.00
Unreimbursed Medical Payable	(56.99)
Annual Leave Payable	17,957.83
HSA Contributions	433.50
Accrued Unemployment	6.58
Accrued Workers Comp	(535.16)
Accrued Salaries	20,317.86
Microloan Note Payable	300,000.00

Northeast Nebraska Economic Development District
Statement of Financial Position - Overall
As of 7/31/2009

	<u>Current Period Balance</u>
Lease Payable	14,236.47
IRP Loan Note Payable	625,275.77
IRP 2 Loan Note Payable	<u>483,769.49</u>
Total Liabilities	<u>1,495,907.10</u>
 Net Assets	
	<u>3,033,436.56</u>
Total Net Assets	<u>3,033,436.56</u>
 Total Net Assets and Liabilities	
	<u>4,529,343.66</u>

Northeast Nebraska Economic Development District
Statement of Revenues and Expenditures
From 7/1/2009 Through 7/31/2009

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Revenues							
Federal Grants-EDA	5,292.00	0.00	(5,292.00)	63,500.00	0.00	(63,500.00)	(100.00)%
Donations	42.00	0.00	(42.00)	500.00	0.00	(500.00)	(100.00)%
Dues-Community	13,333.00	162,085.36	148,752.36	160,000.00	162,085.36	2,085.36	1.30%
Dues-Counties	1,063.00	13,125.00	12,062.00	12,750.00	13,125.00	375.00	2.94%
Dues-Associates	1,333.00	12,640.00	11,307.00	16,000.00	12,640.00	(3,360.00)	(21.00)%
Scholarships	17.00	0.00	(17.00)	200.00	0.00	(200.00)	(100.00)%
Meeting Income	125.00	1,236.05	1,111.05	1,500.00	1,236.05	(263.95)	(17.60)%
NED, Inc. Management	2,500.00	0.00	(2,500.00)	30,000.00	0.00	(30,000.00)	(100.00)%
General Administration Fees	20,083.00	2,500.00	(17,583.00)	241,000.00	2,500.00	(238,500.00)	(98.96)%
Grant Writing Fees	250.00	750.00	500.00	3,000.00	750.00	(2,250.00)	(75.00)%
Down Payment Assistance	0.00	20,000.00	20,000.00	0.00	20,000.00	20,000.00	0.00%
Lead Based Paint Inspection	2,500.00	1,000.00	(1,500.00)	30,000.00	1,000.00	(29,000.00)	(96.67)%
Housing Study Revenue	2,917.00	3,000.00	83.00	35,000.00	3,000.00	(32,000.00)	(91.43)%
Blight Study Revenue	250.00	0.00	(250.00)	3,000.00	0.00	(3,000.00)	(100.00)%
Housing Administration Fees	20,406.00	3,467.51	(16,938.49)	244,875.00	3,467.51	(241,407.49)	(98.58)%
Comp Plan Revenue	3,333.00	0.00	(3,333.00)	40,000.00	0.00	(40,000.00)	(100.00)%
Microenterprise Mngt Revenue	2,500.00	0.00	(2,500.00)	30,000.00	0.00	(30,000.00)	(100.00)%
Local RLF Contributions	5,000.00	500.00	(4,500.00)	60,000.00	500.00	(59,500.00)	(99.17)%
EDA Peer Project Revenue	250.00	0.00	(250.00)	3,000.00	0.00	(3,000.00)	(100.00)%
Loan Closing Revenue	233.00	200.00	(33.00)	2,800.00	200.00	(2,600.00)	(92.86)%
NPAT Investment Income	417.00	418.38	1.38	5,000.00	418.38	(4,581.62)	(91.63)%
Business Loan Principal	37,500.00	0.00	(37,500.00)	450,000.00	0.00	(450,000.00)	(100.00)%
Business Loan Interest	15,833.00	15,146.88	(686.12)	190,000.00	15,146.88	(174,853.12)	(92.03)%
Business Loan Late Fee	21.00	25.00	4.00	250.00	25.00	(225.00)	(90.00)%
Loan Processing Fee	583.00	0.00	(583.00)	7,000.00	0.00	(7,000.00)	(100.00)%
Annual Servicing Fees	833.00	1,379.71	546.71	10,000.00	1,379.71	(8,620.29)	(86.20)%
Special Projects	1,417.00	0.00	(1,417.00)	17,000.00	0.00	(17,000.00)	(100.00)%
Housing Rehab Principal	2,083.00	0.00	(2,083.00)	25,000.00	0.00	(25,000.00)	(100.00)%
Housing Rehab Interest	100.00	97.10	(2.90)	1,200.00	97.10	(1,102.90)	(91.91)%
Interest Income	2,083.00	666.62	(1,416.38)	25,000.00	666.62	(24,333.38)	(97.33)%
Miscellaneous Income	42.00	0.00	(42.00)	500.00	0.00	(500.00)	(100.00)%
In-Kind Contributions	1,250.00	1,250.00	0.00	15,000.00	1,250.00	(13,750.00)	(91.67)%
Total Revenues	143,589.00	239,487.61	95,898.61	1,723,075.00	239,487.61	(1,483,587.39)	(86.10)%

Expenditures

Northeast Nebraska Economic Development District
Statement of Revenues and Expenditures
From 7/1/2009 Through 7/31/2009

	Current Period		Current Period		Current Period		Total Budget	Current Year		Total Budget Variance	Percent Total Budget \$ Remaining
	Budget	Actual	Budget	Actual	Budget	Variance		Actual	Variance		
Salaries and Wages	52,392.00	49,310.44	3,081.56	628,700.00	49,310.44	579,389.56	92.16%				
Fringe Benefits	13,098.00	10,746.13	2,351.87	157,175.00	10,746.13	146,428.87	93.16%				
Potential Lease Payments	2,500.00	0.00	2,500.00	30,000.00	0.00	30,000.00	100.00%				
Rent In-Kind	1,250.00	1,250.00	0.00	15,000.00	1,250.00	13,750.00	91.67%				
Telephone	667.00	864.50	(197.50)	8,000.00	864.50	7,135.50	89.19%				
Postage	500.00	0.00	500.00	6,000.00	0.00	6,000.00	100.00%				
Office Supplies	833.00	623.48	209.52	10,000.00	623.48	9,376.52	93.77%				
Training	417.00	300.00	117.00	5,000.00	300.00	4,700.00	94.00%				
Travel-Board of Directors	42.00	0.00	42.00	500.00	0.00	500.00	100.00%				
Travel-Staff	3,333.00	3,759.65	(426.65)	40,000.00	3,759.65	36,240.35	90.60%				
Photo Expense	17.00	1.20	15.80	200.00	1.20	198.80	99.40%				
Printing/Publishing	125.00	0.00	125.00	1,500.00	0.00	1,500.00	100.00%				
Copier Expense	417.00	233.32	183.68	5,000.00	233.32	4,766.68	95.33%				
Donations	2,183.00	3,125.00	(942.00)	26,200.00	3,125.00	23,075.00	88.07%				
Computer Maintenance/Software	250.00	82.50	167.50	3,000.00	82.50	2,917.50	97.25%				
Computer Equipment	167.00	0.00	167.00	2,000.00	0.00	2,000.00	100.00%				
Electronic Mail	63.00	39.53	23.47	750.00	39.53	710.47	94.73%				
Financial Software	375.00	3,412.00	(3,037.00)	4,500.00	3,412.00	1,088.00	24.18%				
EDA Peer Project	417.00	0.00	417.00	5,000.00	0.00	5,000.00	100.00%				
Loan Closing Expense	233.00	284.13	(51.13)	2,800.00	284.13	2,515.87	89.85%				
Building Maintenance	250.00	228.75	21.25	3,000.00	228.75	2,771.25	92.38%				
Utilities	542.00	588.28	(46.28)	6,500.00	588.28	5,911.72	90.95%				
Dues/Memberships	417.00	0.00	417.00	5,000.00	0.00	5,000.00	100.00%				
Subscriptions/Reference	42.00	0.00	42.00	500.00	0.00	500.00	100.00%				
Advertising/Marketing	333.00	93.37	239.63	4,000.00	93.37	3,906.63	97.67%				
Insurance	708.00	0.00	708.00	8,500.00	0.00	8,500.00	100.00%				
Business Loan Disbursements	58,333.00	0.00	58,333.00	700,000.00	0.00	700,000.00	100.00%				
Legal Services	125.00	0.00	125.00	1,500.00	0.00	1,500.00	100.00%				
Audit Fees	558.00	0.00	558.00	6,700.00	0.00	6,700.00	100.00%				
Other Professional Services	1,100.00	3,270.00	(2,170.00)	13,200.00	3,270.00	9,930.00	75.23%				
Annual Staff Retreat Expense	42.00	0.00	42.00	500.00	0.00	500.00	100.00%				
Depreciation Expense	0.00	1,112.45	(1,112.45)	0.00	1,112.45	(1,112.45)	0.00%				
Annual Meeting Expense	333.00	2,686.90	(2,353.90)	4,000.00	2,686.90	1,313.10	32.83%				
Board Meeting Expense	17.00	0.00	17.00	200.00	0.00	200.00	100.00%				
USDA IRP Principal Expense	3,500.00	0.00	3,500.00	42,000.00	0.00	42,000.00	100.00%				
USDA Interest Expense	1,000.00	0.00	1,000.00	12,000.00	0.00	12,000.00	100.00%				

Northeast Nebraska Economic Development District
Statement of Revenues and Expenditures
From 7/1/2009 Through 7/31/2009

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget	Current Year Actual	Total Budget Variance	Percent Total Budget \$ Remaining
Microenterprise Interest Exp.	1,000.00	999.99	0.01	12,000.00	999.99	11,000.01	91.67%
Loans Written Off	1,250.00	0.00	1,250.00	15,000.00	0.00	15,000.00	100.00%
Loans Forgivable Portion	459.00	459.00	0.00	5,508.00	459.00	5,049.00	91.67%
Down Payment Assistance	0.00	20,000.00	(20,000.00)	0.00	20,000.00	(20,000.00)	0.00%
Miscellaneous	0.00	6.50	(6.50)	0.00	6.50	(6.50)	0.00%
Total Expenditures	149,288.00	103,477.12	45,810.88	1,791,433.00	103,477.12	1,687,955.88	94.22%
Total Revenues Over (Under) Expenditures	(5,699.00)	136,010.49	141,709.49	(68,358.00)	136,010.49	204,368.49	(298.97)%

Additional Information:
 Business Loan Principal Received-\$32,373.40
 Housing Rehab Principal Received-\$3,570.45
 Business Loan Disbursements-\$00.00



*Northeast Nebraska
Economic Development District*

111 South 1st • Norfolk, NE 68701 • (402) 379-1150 • Fax (402) 379-9207

MEMO

Date: August 24, 2009

TO: NENEDD Board of Directors

**From: Jeff Christensen/Holly Sisson
Business Loan Specialists**

In the time period since the last meeting including the July 29, 2009, NENEDD Board of Director's meetings no new loans were approved. All loans are closed.

There are two new loans recommended for approval at this Board of Directors meeting:

One loan of note: LCH, Inc. – Mr. B's Convenience Store - Bloomfield

Other projects being addressed in the past 30 days:

Pool Hall/Bar (2) – expansion and buy-out
Dry Cleaner – expansion
Catering – expansion
Farrier (Horseshoeing) – expansion
Bed & Breakfast – start up
Medical Office – start up
Retail bldg – expansion
Repossession Service – start-up

Pre-School/Daycare – buy-out
Steakhouse – expansion
Restaurant – start up
Dairy – existing
Sanitation Service – buy existing
Recycle center – buy existing
Saw mill – buy existing

- Holly – got married/spent honeymoon in Jamaica
- Jeff – NEF training (Nebraska Enterprise Fund)
- Holly/Jeff – Completed and submitted NEF quarterly reports and 2010 application
- Jeff - NEDA pre-conference workshop planning (Nebraska Economic Developers Association)
- Jeff/Holly – Microenterprise field-wide survey conf call
- Holly/jeff – Site visits
- Jeff/Holly – researched RLF tracking/reporting software (Revolving Loan Fund)
- Holly/Jeff – Completed and submitted USDA IRP reports (Intermediary Relending Program)

Loan Applicant: Burbach's Countryside Dairy, LLC., Dean & Lisa Burbach. Members - Hartington

I. Project Overview and Description:

Burbach's Countryside Dairy has applied to NENEDD to refinance their existing debt. The Dairy is made up of two parts. It is a traditional dairy farm that is operated for the purpose of supplying an identifiable and traceable source of milk. Their milk is produced without the use of artificial hormones, a minimal use of therapeutic medicines, and absolutely no sub-therapeutic medicines. The second part of Countryside Dairy is the processing and distribution of this identifiable milk, bottled in reusable glass containers.

Countryside Dairy is the only on farm bottler in Nebraska and the only bottler that uses returnable glass bottles in the state of Nebraska. They deliver to nearly 75 locations in NE, SD and IA. They have been bottling their own milk for nearly three years. The first year they did a tremendous amount of learning. They started with four stores and after about three months grew to around 18 stores. They continued to add stores at a rate that they could handle and in areas that they wanted to establish their company. During this start up period the inefficiencies were extremely high. These inefficiencies were due to inexperience and lack of customers and established routes.

As they progressed they have managed to become much more efficient. One example of this is the fact that they are moving more milk than ever and they have cut their labor expense by nearly \$40,000 from 2007 to 2008. Another obstacle they had to overcome was extremely high fuel costs. Luck has played a large part in lowering this expense. However not only has the price of fuel declined but their usage of fuel has been cut my nearly 28%. This decrease is due once again to their increased plant efficiency and refined routes. They have streamlined their processing and delivery to only 2-3 days per week rather than daily.

A third obstacle was the record high feed costs. They produce very little of their own feed and must purchase it instead. With record high feed, and within 12 months nearly record low milk prices, it was/is very challenging. In 2008 their feed costs were \$138,000 more than in 2007. They have changed the rations a little bit, but they are in a large part at the mercy of the market, with only a few tools to help lower feed cost. The local banker and Burbach's are working together to lock in grain prices so this will have as small an impact as possible.

Total project costs are approximately \$1,218,000. Mr. & Mrs. Burbach and the Bank of Hartington in Hartington are requesting that NENEDD provide a loan in the amount of \$100,000 to refinance existing debt they have accumulated since starting their dairy business. They have been making a profit since the first of this year; all loans are current; and they have actually reduced their accounts payable by over \$20,000 since the first of the year. By consolidating their existing debt and terming it out will provide approximately \$6,000 additional cash per month. The bank and Burbach's are confident that they have gotten over the hump. The Bank of Hartington is not able to make a loan for the entire cost to refinance due to bank's lending limits. The appraisal was done in July 2009 for an SBA application that was submitted to provide a loan guarantee for this same refinancing. (FYI - to streamline their SBA application, the Burbach's combined their farming operation (owned personally) and dairy business into one LLC.) This application not approved at this point due to operating losses in recent years and existing cash follows that didn't work. However, SBA has encouraged them to reapply this fall for the loan guarantee. The project will retain 7 FTE jobs with the possibility of creating one additional job as sales increase in the next year or two.

II. Sources and Uses:

Source	Bank – existing business loans	Bank – existing truck loan	NENEDD	Equity	Total
Refinance existing debt	\$1,065,000	\$52,925	\$100,000	Balance of Business Assets	\$1,217,925

V. Proposed Loan Package and Related Collateral:

The Northeast RLF Board recommends a loan of \$100,000 to Burbach's Countryside Dairy, LLC, in rural Hartington, to refinance their existing debt. Bank of Hartington of Hartington has agreed to provide two loans. One to refinance existing bank debt of \$1,065,000 as a real estate/commercial loan amortized over 30 years at an interest rate of 7.00% (variable-fixed for the first 5 years) The second loan of \$52,925 equipment note will be fully amortized over a 6 year term at 7.00% (variable-fixed for the first 3 years) The bank will secure its loan with a primary lien position on all business assets including real estate.

NENEDD will lend \$100,000 to also refinance existing debt. This loan will have a term of 15 years at an interest rate of 5.00% (fixed). NENEDD will have a second lien position on all business assets including real estate. A Personal Guaranty will be provided by Dean and Lisa Burbach as additional security to this loan. NENEDD will require life insurance on Mr. and Mrs. Burbach for the amount of the loan for the life of the loan.

The Burbach's will re-apply to SBA in approximately 6 months for the previously mentioned bank loan guarantee. If this is placed, it simply guarantees the bank loan without any additional debt being placed in front of NENEDD's loan.

Loan Applicant: Jim & Cheryl Keller, Montessori Circle of Friends - Norfolk

Cheryl and Jim Keller would like to purchase the Montessori Circle of Friends Preschool/Daycare in Norfolk, NE. The owner of the business, Lorraine Shald, has had the business operating for 20 years. She has grown this into a well respected business in town. She is ready to retire and is willing to hand the business over to an employee of hers. Cheryl currently works for Montessori as a teacher and she has been there since 1995 and is finishing her education to be Montessori certified. Jim works for the United States Postal Service as a Special Postal Clerk since 1980. He will continue to work at his job, but will take care of the maintenance on the Montessori School building when needed.

The purchase is to be a turn key operation. There should be at most minimal maintenance/repairs that will need to be done and some updating of the inventory. They would like to purchase the building and land, FFE, inventory and goodwill for \$314,000.

The total project cost is estimated to be at \$356,000. The Bank of Madison is partnering in this loan for \$282,000 and they are bringing in equity of \$42,000. NENEDD is going to be lending \$32,000 for the purchase of the building, FFE, Inventory and Goodwill. This will retain 6 FTE and 4 part time employees.

IV. Sources and Uses

	Bank	NENEDD	Equity	Total
Building	93,000	32,000		\$125,000.00
Inventory	1,500			\$1,500.00
FFE	10,000			\$10,000.00
Goodwill/Misc. costs	176,000		*42,000	\$218,000.00
Working Capital	1,500			\$1,500.00
Total	282,000	32,000	42,000	\$356,000.00

* (\$10,000 has already gone to the start up costs of the business including becoming incorporated and an LLC – lawyer fees/accountant fees and the other \$32,000 has gone as a down payment to the owner for goodwill)

V. Proposed Loan Package and Related Collateral:

The RLF board recommends a loan to Montessori Circle of Friends for the purchase of the building contingent upon bank financing. The Bank of Madison, in Madison has agreed to provide a loan of \$282,000.00 for this project. The bank's loans will consist of a \$282,000 loan with a term of 5 year balloon, amortized over 15 years. This loan will have a variable rate of 1.25% above the Bank of Madison's Prime Rate or 5.50% not to exceed 7.75%. The bank will secure its loan with a primary lien on all business property including real-estate. This loan is secured by a 90% guarantee through the SBA. NENEDD will lend \$32,000.00 to purchase the existing building. NENEDD's loan will have a term of 10 years at an interest rate of 5.00% (fixed). NENEDD will have a subordinate lien position to the bank on all business and personal property. NENEDD will also file a Deed of Trust on their personal residences as additional collateral for this loan. NENEDD will require life insurance on Mr. & Mrs. Keller for the amount of the loan for the life of the loan and a personal guaranty will be required from Mr. & Mrs. Keller and a corporate guaranty from C&J Keller Inc.

CITY OF COLUMBUS (NENEDD IS SUB-RECIPIENT)

MORTGAGE QUALIFYING WORK SHEET

Pinnacle Bank - Columbus

2008 COLUMBUS DPA APPLICANT: #100282

CREDIT SCORE: 623 (Fair) TYPE: Experian

SALE PRICE OR PURCHASE PRICE: PROPERTY: 2454 45th Avenue, Columbus

- PRIMARY LENDER CLOSING COSTS

- CITY OF COLUMBUS CLOSING COSTS

SUBTOTAL:

- DOWN PAYMENT REQUIRED BY HOMEOWNER

- MAXIMUM BANK LOAN

- CITY OF COLUMBUS DOWN PAYMENT ASSISTANCE

- OTHER SUBORDINATE FINANCING (GIFT FROM MOTHER)

APPRAISED VALUE: \$ 89,000.00

(MORTGAGE AMOUNT / SALE PRICE OR PURCHASE)

ESTIMATED LOAN TO VALUE RATIO %

TERM OF LOAN: USDA Guar 30 Yr INTEREST RATE: 5.75%

TYPE OF LOAN: (NIFA, CONVENTIONAL, ETC.) FSA/RHS (USDA/RHS)

Recommendation: Approval

Board mtg: 8/26/09

Closing date: 8/28/09

Maturity date:

80,070.00

2,260.30

500.00

82,830.30

(1,116.30)

(64,700.00)

(16,014.00)

(1,000.00)

(0.81)

HOUSING EXPENSE TO GROSS MONTHLY INCOME

(TOTAL GROSS ANNUAL INCOME FROM ALL SOURCES ÷ 12)

TOTAL GROSS MONTHLY INCOME: 2,541.75

MONTHLY EXPENSES (P + I ONLY): 377.57

REAL ESTATE TAXES: 157.46

INSURANCE (HAZARD): 54.17

INSURANCE (PRIVATE MORTGAGE INSURANCE): 0.00

TOTAL HOUSING EXPENSE: 589.20

HOUSING EXPENSE: 589.20

GROSS MONTHLY INCOME: 2,541.75

RATIO HOUSING EXPENSE DEBT: 23.18%

CONVENTIONAL - MAXIMUM RATIO IS 25% to 28%

HOUSING EXPENSE PLUS OTHER MONTHLY DEBT TO GROSS MONTHLY INCOME

(DO NOT INCLUDE DEBTS WITH LESS THAN 10 PAYMENTS REMAINING)

TOTAL HOUSING EXPENSE: 589.20

CREDIT CARDS: 0.00

AUTOMOBILE PAYMENTS: 306.00

OTHER DEBT (PERSONAL LOAN): 102.00

OTHER DEBT: 0.00

TOTAL: 997.20

HOUSING EXPENSE PLUS OTHER DEBT: 997.20

GROSS MONTHLY INCOME: 2,541.75

RATIO MONTHLY DEBT: 39.23%

CONVENTIONAL - MAXIMUM RATIO IS 33% to 40%

HQS Inspection: Completed by: Scott Owen

Date: 8/20/09

All Repairs have been completed per inspection by Scott Owen 8/20/09

NOTES:

Attachment #4

Northeast Nebraska Economic Development District (NENEDD)

Subordination Policy

- A. Maximum combined 80% Loan to Value policy on all “Cash Out” refinances or home equity loans where NENEDD remains in current lien position.

- B. Maximum combined 100% Loan to Value on “No Cash Out” refinances where NENEDD remains in current lien position.

****All subordination documents must be provided by the lender requesting subordination.****

This subordination policy approved by action of the Board of Directors of Northeast Nebraska Economic Development District (NENEDD) this 26th day of August, 2009, authorizes administrative staff to approve or decline subordination requests and to execute any and all required documentation.

Jeff Scherer, Board Chairman

SUBORDINATION REQUEST - #SAMPLE

Applicant	# SAMPLE
Original level - deferred DPA	0% loan
Loan Amount	20,000.00
Loan Date	9/10/2002

<u>Currently</u>		<u>Balance</u>
First National Bank of Omaha-30 Year Fixed @ 6.75% (\$768.00 Payment)	1st Lien	73,994.00
NED, Inc. 0% deferred until transfer of title	2nd Lien	20,000.00
First Nebraska Bank-7 Year Fixed @6.75% (\$206.00 Payment)	3rd Lien	<u>11,220.00</u>
(Majority used to fix basement)	Total	<u><u>105,214.00</u></u>

<u>Proposed</u>		
First Nebraska Bank-30 Year Fixed @ 4.875% (\$407.49 Payment)	1st Lien	77,000.00
NED, Inc. 0% deferred until transfer of title	2nd Lien	20,000.00
First Nebraska Bank-7 Year Fixed @ 6.75% (\$206.00 Payment)	3rd Lien	<u>11,220.00</u>
	Total	<u><u>108,220.00</u></u>

<u>Loan to value Calculation</u>	
Appraisal - 3rd party 4/27/09	152,000.00
Loan to value percent	<u>71.20%</u>
Total	<u><u>108,220.00</u></u>

NOTES:

First Nebraska Bank will subordinate

NED, Inc is being asked to subordinate to an additional \$3,006 (77,000 - 73,994) which includes closing costs and escrow for taxes & insurance. No cash will be paid out.