



**Duration of the program: Forty-eight (48) hours over twelve (12) weeks period,
September 14-December 14, 2019**

WEEK 5: Saturday: October 12, 2019, 9:00 AM to 1:00 PM

Course 5: Funding

Presenters:

09:00 Welcome	Taylor Smith, Project Coordinator, Monroe Neighborhood Revitalization Program
09:05 Intro to Speakers	Eric Porter, Program Founder, ComNet, LLC
09:10 Lending Sources	Will Campbell, Millenium Consultants
10:10 Coffee Break/Stretch	
10:20 Louisiana Housing Corporation	Louis Russell, Executive Management Officer
11:30 Monroe Community Development	Jawaun Downs, Director, Monroe Community Development, City of Monroe, LA
12:00 The Opportunity with Opportunity Zones	Rinaldi Jacobs, Full Circle Development, LLC
12:45 Construction 101	Ernest Muhammad, General Contractor, Lavelle Entity, LLC
01:25 Closing	Ellen Hill, Head, Planning & Urban Development, City of Monroe, LA

Breaking The Lending Code

Lending and Funding Sources
Will M. Campbell, JR., MA

Millennium Consulting Network, Inc.
(225)939-1899

Member Business Loan Products

- Unsecured and Secured
- Lines of Credit
- Owner Occupied Real Estate
- Equipment Loans
- Business Automobile
- Investment Property (Non Owner Occupied)
- Business Credit Cards
- C D Secured Loans
- SBA Secured Loans
- LED Secured Loans

Items Needed To Apply

- Business Loan Application
- Personal Financial Statement
 - All owners, principals, and officers signed and dated within last 45 days
- Management Resume
- History of the Business
- Business Debt Schedule

Items Needed To Apply

- Monthly Performance Income Statement for 12 months
- Business Financial Statements (Income Statement, Balance Sheets, and last 3 years of Tax Return)
- Interim Financial Statement (Signed and dated within the last 45 days)
- Business Performance Financial Statement, Balance Sheet, Cash Flow Projections

Items Needed To Apply

- Personal Tax Returns
(most recent 3 years)
- Aging of Accounts Receivables and Payable
(as of the date of the interim financial statements)
- IRS Form 4506 signed for business tax returns of personal schedule C.
- Other

Funding Sources

- Personal Investment
- Family and Friends
- Credit Union / Banks
- Micro Lenders
- Venture Capital
- Angel Investors
- Factoring
- SBA Secured Loans
- LED Secured Loans
- Leasing Companies
- Commercial Brokers

Five C's of Credit

- ✓ **Character**- determination to pay; tested by hard times
- ✓ **Capacity**- The ability to pay the debt obligations
- ✓ **Capital**- enough funds in business so it can operate; Liquidity
- ✓ **Conditions**- state of the economy and environment
- ✓ **Collateral**- assets that can be pledged to secure loan

Higher Risk Industries

-Require Stricter UW

- Restaurants/Bars
- Contractors
- Auto, RV, Boat Dealers
- Agriculture/Forest
- Religious Institutions
- Auto Mechanics
- Mobile Home or RV Parks
- Retail
- Taxi Services
- Real Estate Professionals
- Real Estate Developers
- Software Companies
- Hotels
- Pawn Brokers
- Gas Stations
- Convenience Stores
- Trucking Companies
- Dry Cleaners
- Entertainment

Restricted Industries and/or Loan Types

- Start -up Businesses
- Medical Marijuana
- Adult Entertainment
- Ammunition or Weapons Manufacturing
- Bail Bond Co's
- Loan Brokers
- Companies Involved in Gaming or Gambling Activities
- Money Services
- Loans to Businesses that Promote Discrimination or Have Significant Negative Public Reputation

Lower Risk Industries

- Health Organizations
- Small Manufacturing Companies
- Service Companies
(Plumbing, Air Conditioning, etc)
- Professional
- Doctors
- Dentists
- Chiropractors
- Attorneys
- Veterinarians

Questions?

- Millennium Consulting Network, Inc.
- Will M. Campbell, JR., MA

(225)939-1899

Creating Neighborhood Developers Program Monroe Louisiana



Louisiana Housing
Corporation

Louis Russell



LHC Strategic Goals

1. Meet affordable housing and community needs by increasing and preserving housing opportunities for the people of Louisiana
2. Optimize organizational resource
3. Forge and Strengthen partnerships by developing multi-faceted outreach efforts designed to assess needs by empowering communities to address their priorities



- ▶ Aged Owner Occupied Housing (lacking rehab programs)
- ▶ **201,713** Families Rent Burdened
 - ▶ **167,421** Families (Workforce, Senior and Disabled)
- ▶ Rental Gap of **112,517** units (Creating about **3,500** a year)
- ▶ Homeownership Interest Rates Increasing



Housing activities

1. Homebuyer Financing and Development
2. Homebuyer Education
3. Homeowner Weatherization
4. Homeowner Repairs
5. Rental Housing Repair and Development
6. Tenant and Project Based Rental Assistance
7. Homeless Prevention
8. Individual Assistance



Louisiana Housing
Corporation

Partnering

- ▶ Multi-faceted Outreach Effort
- ▶ Empowering Local Communities to Address Needs
- ▶ Build CHDO and CAA Capacity
- ▶ Strategic Plan with Entitlement Communities
- ▶ Establish Housing Advisory Team
- ▶ Housing Conference 2020



Louisiana Housing
Corporation

Developer?

- ▶ What is a Developer
 - ▶ Is much more than a builder
- ▶ Revitalizes Restores and Creates
- ▶ Knows the infrastructure
- ▶ Knows the market
- ▶ Knows financing
- ▶ Knows politics
- ▶ Knows their weaknesses
- ▶ Puts together the best team

Development Team?

- ▶ Developer
- ▶ Investor
- ▶ Architect
- ▶ Accountant
- ▶ Lawyer
- ▶ Realtor
- ▶ General Contractor
- ▶ Management Company
- ▶ Nonprofit (sometimes)



Louisiana Housing
Corporation

Tips

- ▶ Know Who You Want to Be and Be It
- ▶ Ride a Coattail
- ▶ Study Developments
- ▶ Learn from Mistakes
- ▶ Start Small and Work-up
- ▶ Know that You can Do It

Planning & Urban Development

Jawaun Downs
Director of Community Development
Saturday, October 12, 2019



Agenda

Community
Development
Division

Programs

Housing
FAQ's

Impacting Neighborhoods & Changing Lives

For her presentation, go to the link:

<https://prezi.com/view/SodgL8aPdZPjUPeWNxDP>

The opportunity with Opportunity Zones

How to use this federal tax credit to attract credits to help developers.
The use of Opportunity Zone can bring much need capital to disinvested
areas in selected areas in Baton Rouge.

History of Opportunity Zone Funds (OPZ's)

- The Opportunity Zones program, established through the Tax Cuts and Jobs Act, aims to spur long-term private sector investments in low-income communities nationwide. Investors in Qualified Opportunity Funds (QOFs) participating within the designated Qualified Opportunity Zones (QOZs) can take advantage of federal tax benefits in exchange for their investment in distressed communities.

Tell us more about this

- **How it works**
- The [Opportunity Zones program](#) offers federal tax incentives for investing realized capital gains in QOFs, which are investment vehicles created to attract investment into under-invested communities. **All or a portion of the realized gain must be invested in a QOF within 180 days.**^[1]

What are the benefits?

- Virtually any entity or individual required to report capital gains can receive Opportunity Zone benefits. The investment offers three potential tax benefits:
- A **deferral** of the tax on the original gain until the earlier (a) the date of the taxpayer sells or exchanges its investment in the QOF, or (b) December 31, 2026.
- A **reduction** of the tax on the original gain: (a) 10 percent discount if the QOF investment is held for five years by Dec. 31, 2026 or the date of disposition, if earlier; (b) an additional 5 percent discount (15 percent total) if held for seven years by December 31, 2026.

Other Benefits

- **No taxable gains** on the QOF investment if held for 10 or more years.
- [1] Investors receiving gains on a K-1 from an investment may be able to elect December 31 of the tax year as the date of the gain (regardless of the date of the actual capital gain event), and therefore have until June 29 of the following tax year to make an investment into a QOF. Please consult with your tax advisor for eligibility to make this electio

Type of Investments allowed

- Real estate projects
- Typically consist of the development and management of office, hotel, retail, multi-family or mixed-use projects that offer the additional benefit of accelerated depreciation to shield taxable income from operations.



Operating business investments

An equity investment into an operating business may fund operations or capital expenditures. Early stage businesses locating in an OZ may offer the greatest potential upside but come with venture capital risk.



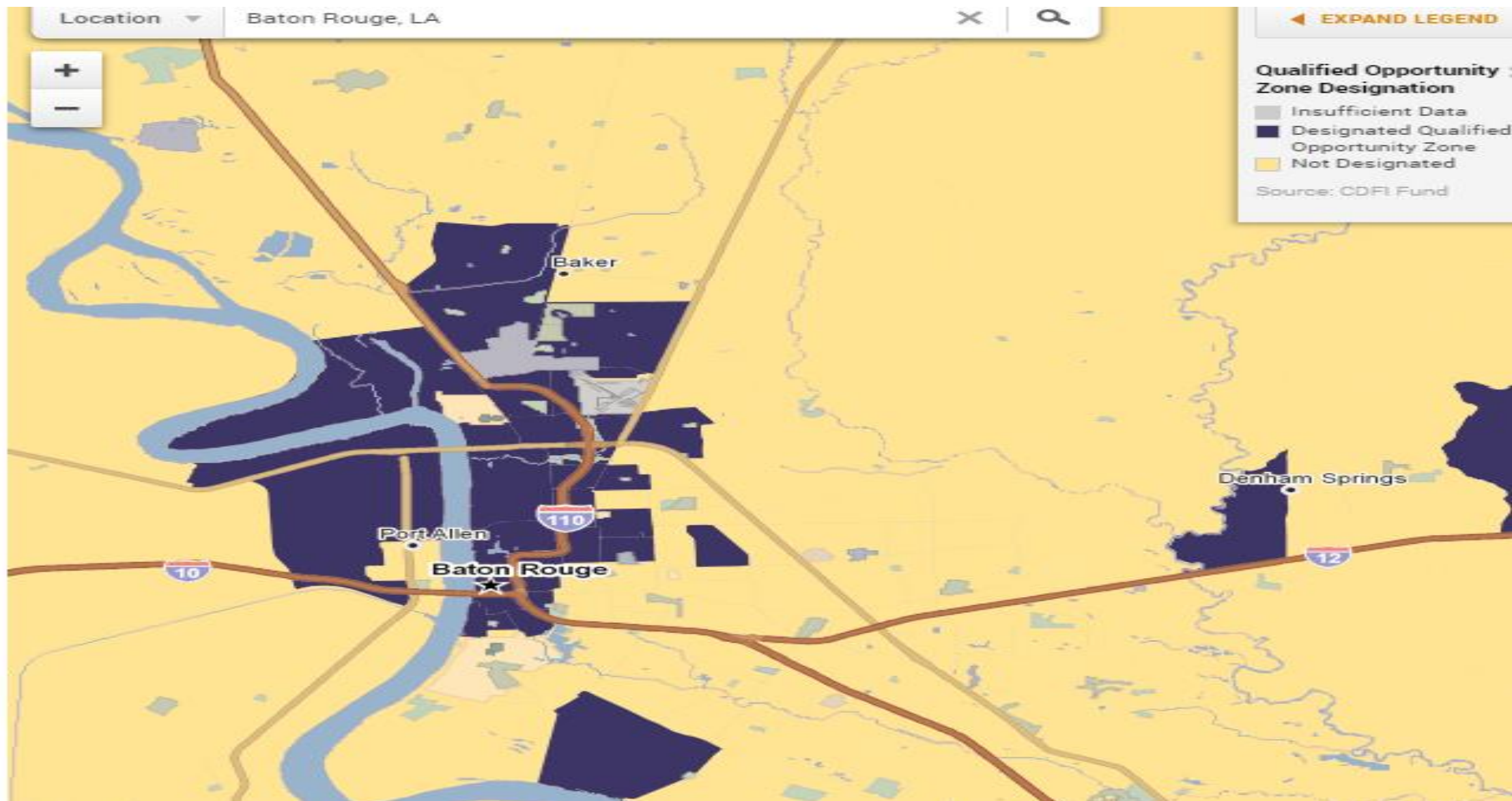
Public-private partnership

Municipalities with discreet capital projects (e.g. wastewater treatment plant, parking garage, etc.) located in an OZ may seek private capital to fund, own and lease projects back to the city, town or country.



Key considerations when reviewing Opportunity Zone investments

- What is the up-front, annual and profit-interest fee structure of the QOF?
- Does the QOF have a shovel-ready project to ensure your capital will be invested within the required six months?
- What is the track record of the project developer or business?
- Does the project have strong economic fundamentals?
- Does the QOF plan to have multiple OZ investments, which could complicate the exit strategy and jeopardize the elimination of gains?
- Does the project forecast commensurate risk-adjusted returns?



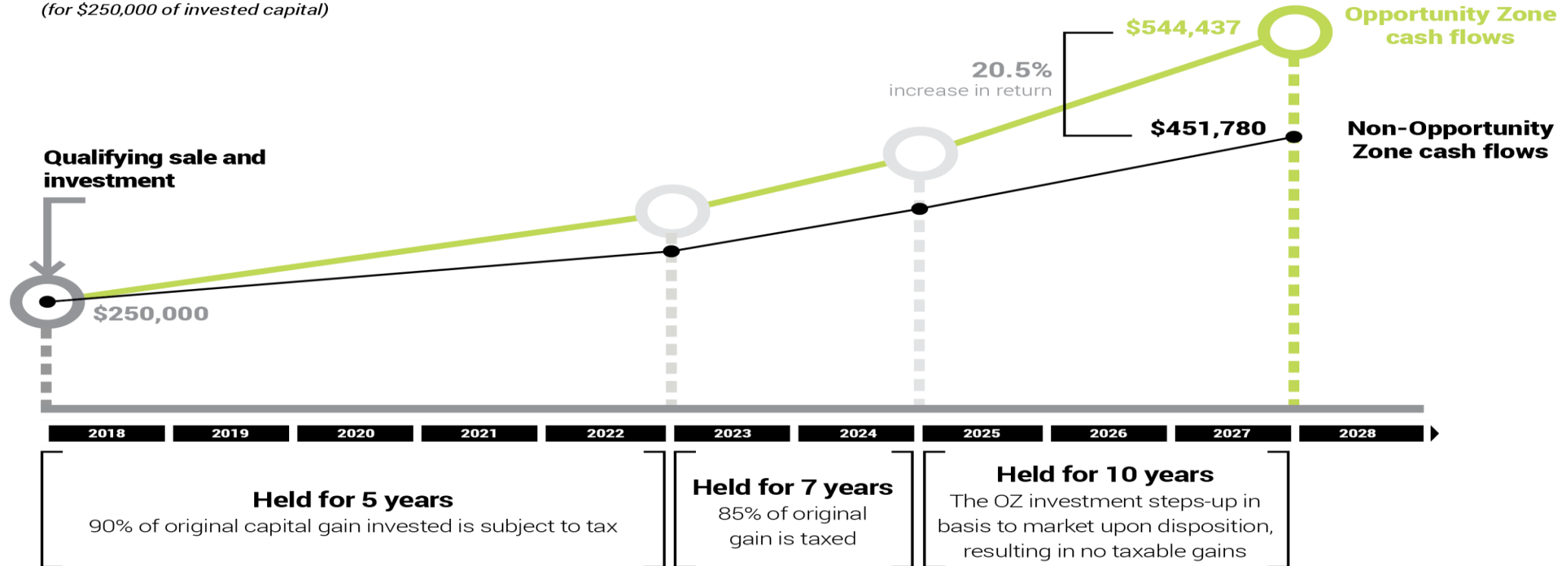
How are the QOZ's defined?

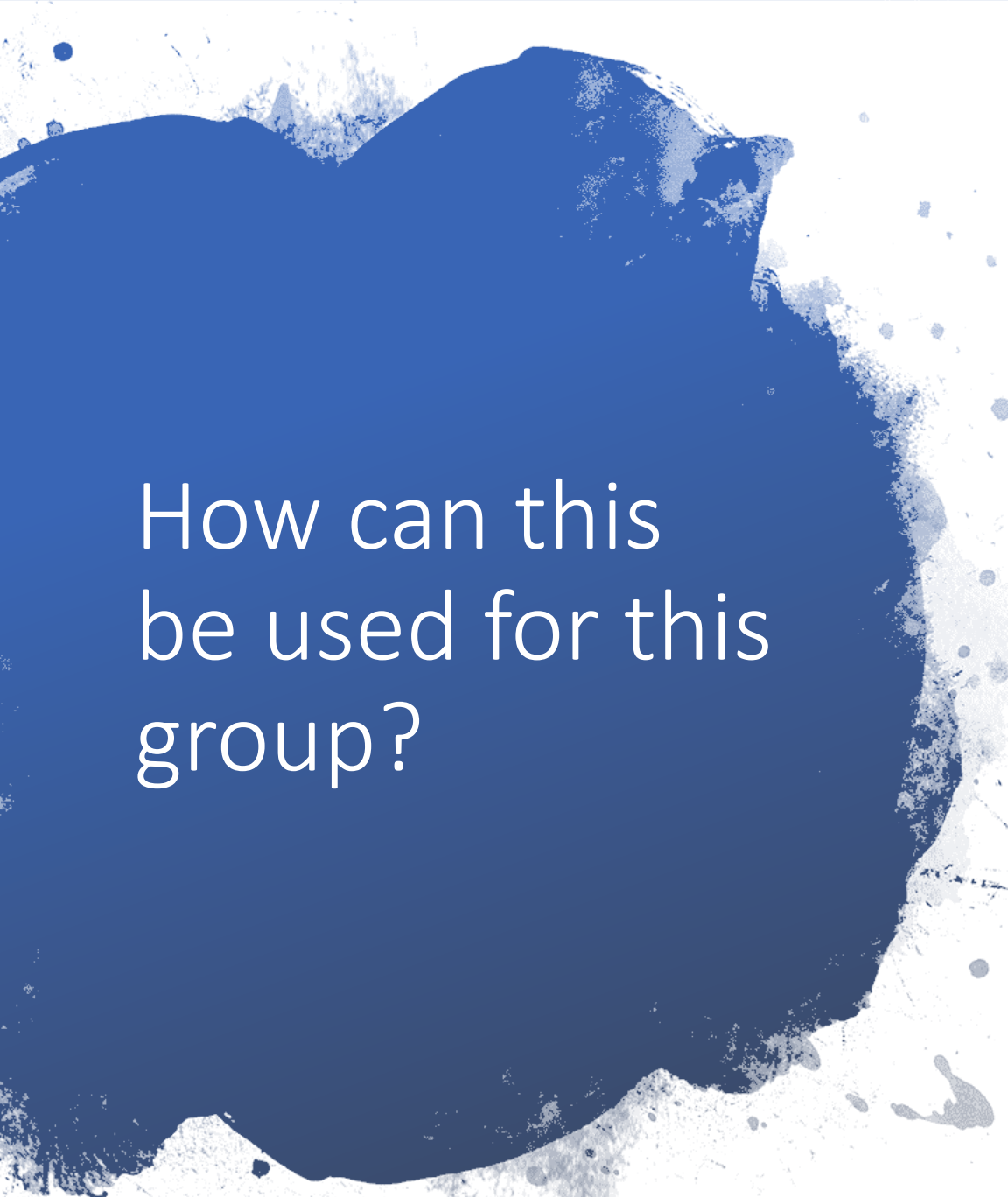
- The **census tracts** represent 25 percent of **Louisiana's** low-income **census tracts**, the maximum allowed under the program, and include areas of Monroe and several **tracts** in the New Orleans and Lafayette regions. The **Opportunity Zone** program offers investors deferred and lowered capital gains taxes on property. May 17, 2018

Example of the investment

Opportunity Zones investment over 5-, 7- and 10-year horizon


(for \$250,000 of invested capital)





How can this
be used for this
group?

- Several members of this class can come together and with a Qualified Opportunity Zone Fund
- Some people can form their own fund with proper guidance and advice.




Who can help
with getting
this done

- By leveraging our expertise in real estate development, transactions and specialty tax planning, several companies are uniquely positioned to help potential investors and project sponsors take advantage of the Opportunity Zones program.



Investor services

- Tax planning is key to making sure you and your investment and theirs is handled properly
- Selective investment offerings that have undergone extensive due diligence
- Development of a core set of companies to aid the in developing all the necessary funding



Presentation
completed. Questions



Louisiana Housing
Corporation

(225) 763-8700 • LHC.LA.GOV

LAVELLE ENTITY, LLC

Construction Contracting Company

Ernest Muhammad

General Contractor
(License # 884740)

Call or text
773-858-9018

Ejfmua@live.com



"Envision Your Residential Dream"

Neighborhood Development

- ▶ PERSONAL FINANCING
- ▶ BANK FINANCING
- ▶ CONTRACTED FINANCING

Introduction

Stages of Development

- 1) Why I chose to build.
- 2) What I chose to build.
- 3) Where I chose to build.
- 4) Whom with I chose to build.
- 5) When I chose to build.

Adjudicated property list

Studied the list

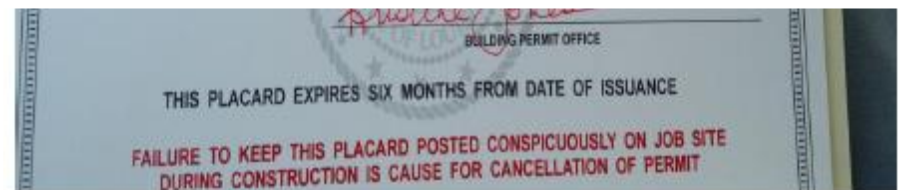
800 properties

Habitat Humanity

Bought first lot.

Invested Developers

- ▶ Worked two full time jobs
- ▶ Asked family, friends and community
- ▶ **\$25,000 personally**
- ▶ **\$35,000 business partner**



Home #1 @ 3901 Wiley St.; Monroe, LA 71203



Developed Again

Appraised value

- ▶ Adjudicated property
- ▶ Followed same process
- ▶ Engaged community
- ▶ **\$30,000 personally**
- ▶ **\$30,000 business partner**

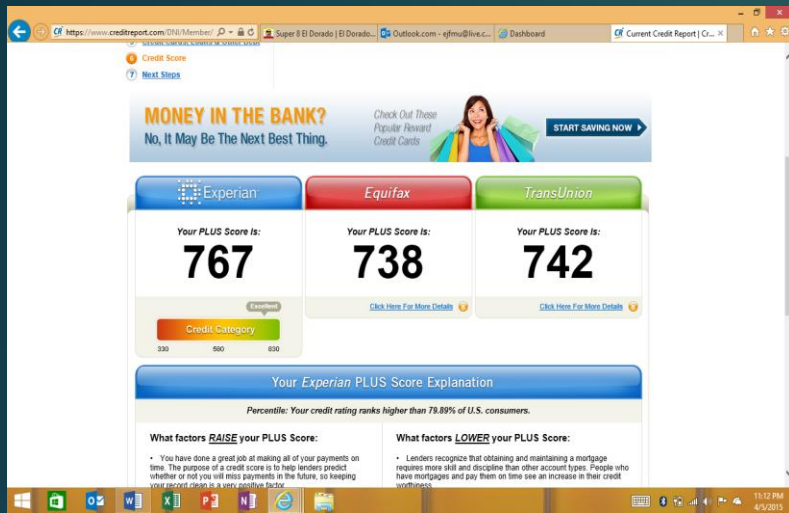
SUBJECT INFORMATION	Subject Address	3005 Barlow St
	Legal Description	Lot 18, Square 7 of Booker T. Washington Addition
	City	Monroe
	County	Ouachita
	State	LA
	Zip Code	71201
	Census Tract	0007.00
SALES PRICE	Map Reference	33740
	Sale Price	\$ 85,000
CLIENT	Date of Sale	11/08/2015
	Borrower/Client	Ernest Muhammad
DESCRIPTION OF IMPROVEMENTS	Lender	Iberia Bank Mortgage
	Size (Square Feet)	1,350
	Price per Square Foot	\$ 62.96
	Location	N;Res;
	Age	01
	Condition	C3
	Total Rooms	6
APPRAISER	Bedrooms	3
	Baths	2.0
VALUE	Appraiser	KENSILL P. BREWER
	Date of Appraised Value	12/23/2015
VALUE	Opinion of Value	\$ 80,000



Home #2 @ 3005 Barlow St.; Monroe, LA 71203



Sold for \approx \$100,000.00



Paperwork
Bank Financed
Developing

Sold home ; MLS

Pre-approval letter

Preliminary Print

Appraisal

Construction Loan

Closed on Mortgage

Documents and Process

Pre-Qualified

Appraisal




Construction Loan

Material List

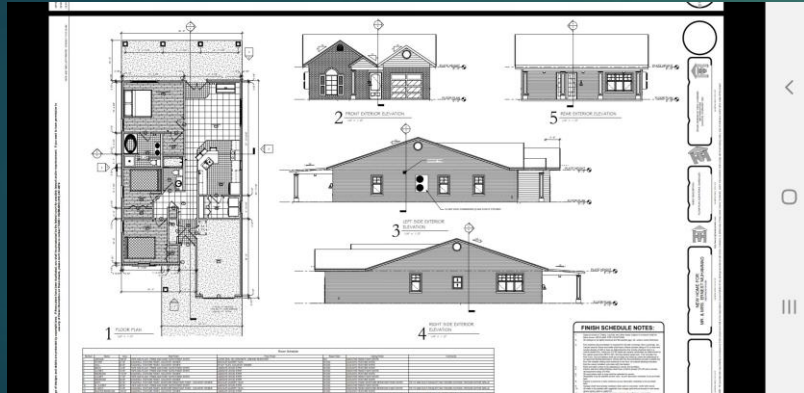
Mortgage

[illegible]



COMPARABLE PROPERTY PHOTO ADDENDUM			
Contractor: Ernest Muhammad		File No.: 1013 Griffin Street	
Property Address: 1013 Griffin Street		Case No.:	
City: Monroe		State: LA	
LOT1013, Precinct 8000		Zip: 71201	
		COMPARABLE SALE #1	
		3812 Harrison Street Monroe, LA 71203 Sale Date: 08/17/14 Sale Price: \$ 89,900	
		COMPARABLE SALE #2	
		2005 Barlow Street Monroe, LA 71203 Sale Date: 08/17/14 Sale Price: \$ 87,500	
		COMPARABLE SALE #3	
		218 Wood Drive Monroe, LA 71203 Sale Date: 08/17/14 Sale Price: \$ 106,000	

Home #3 @ 1013 Griffin St.; Monroe, LA 71201



Virtual reality: Potential Developer Showing



Construction contract

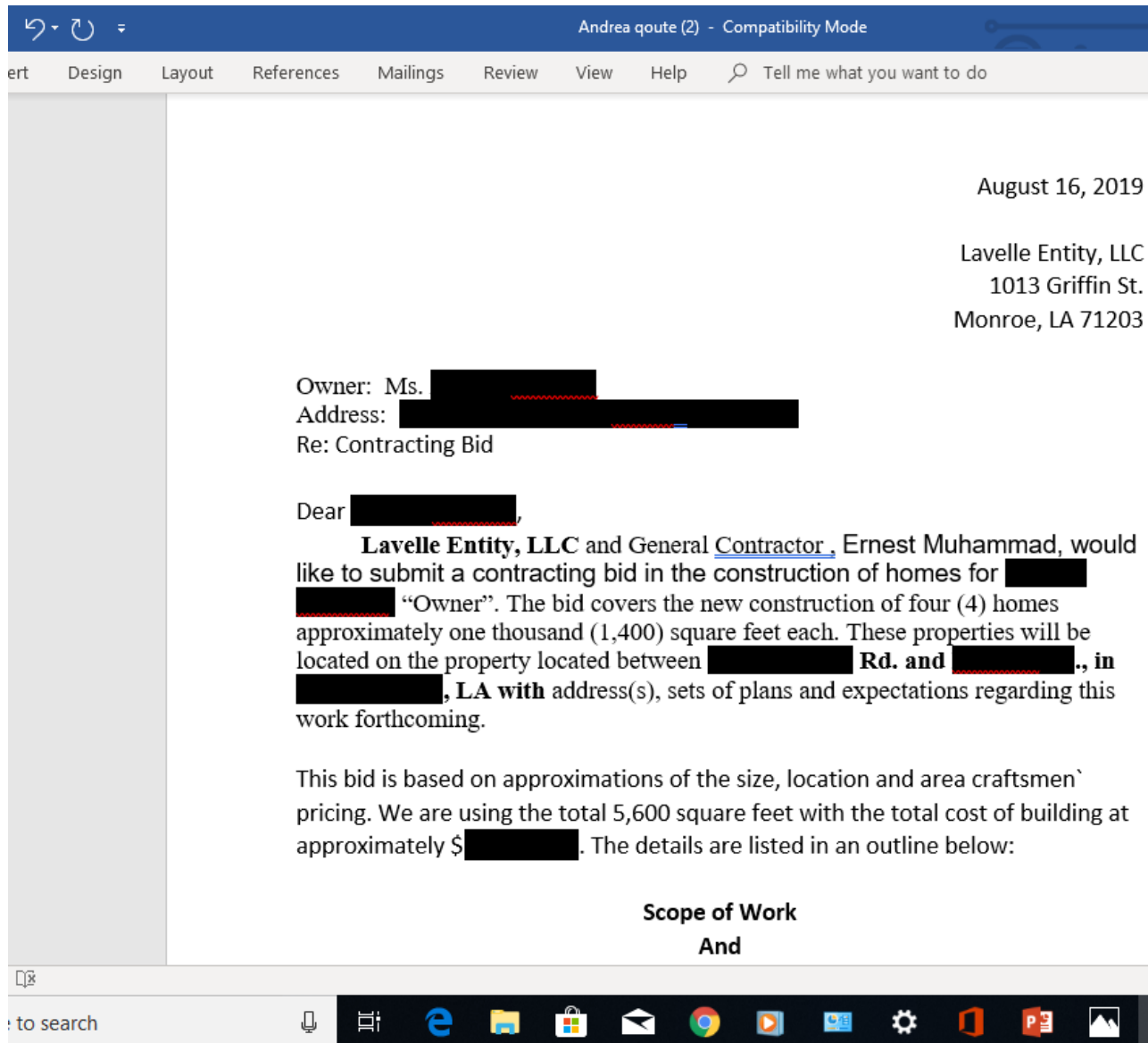
Quote

Surveyed

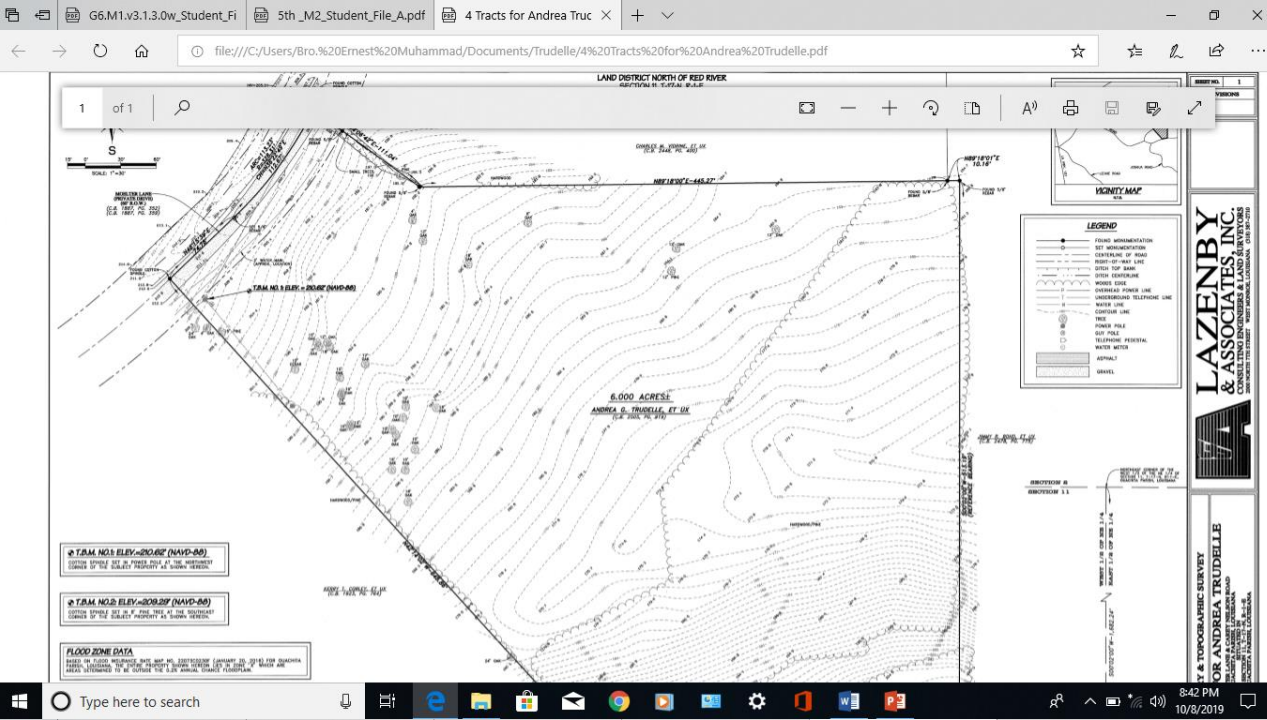
Plot

Prints

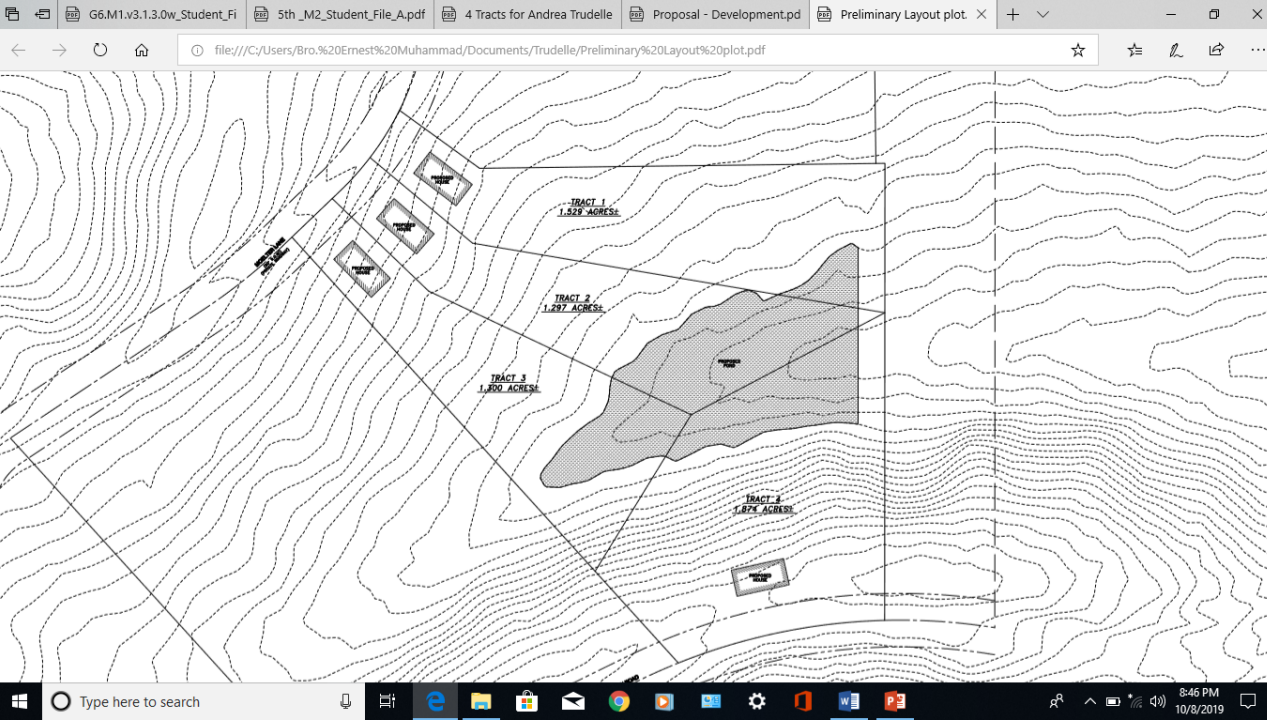
Construction loan



Contract example

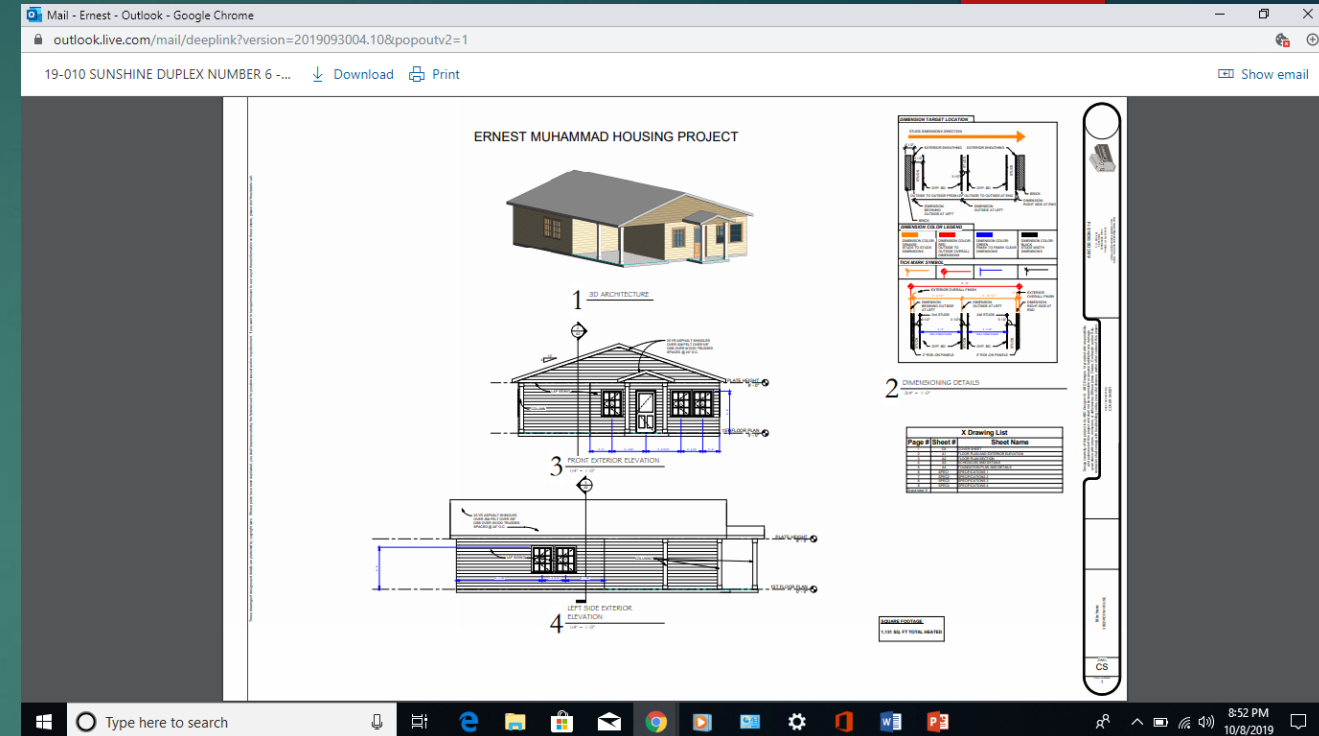
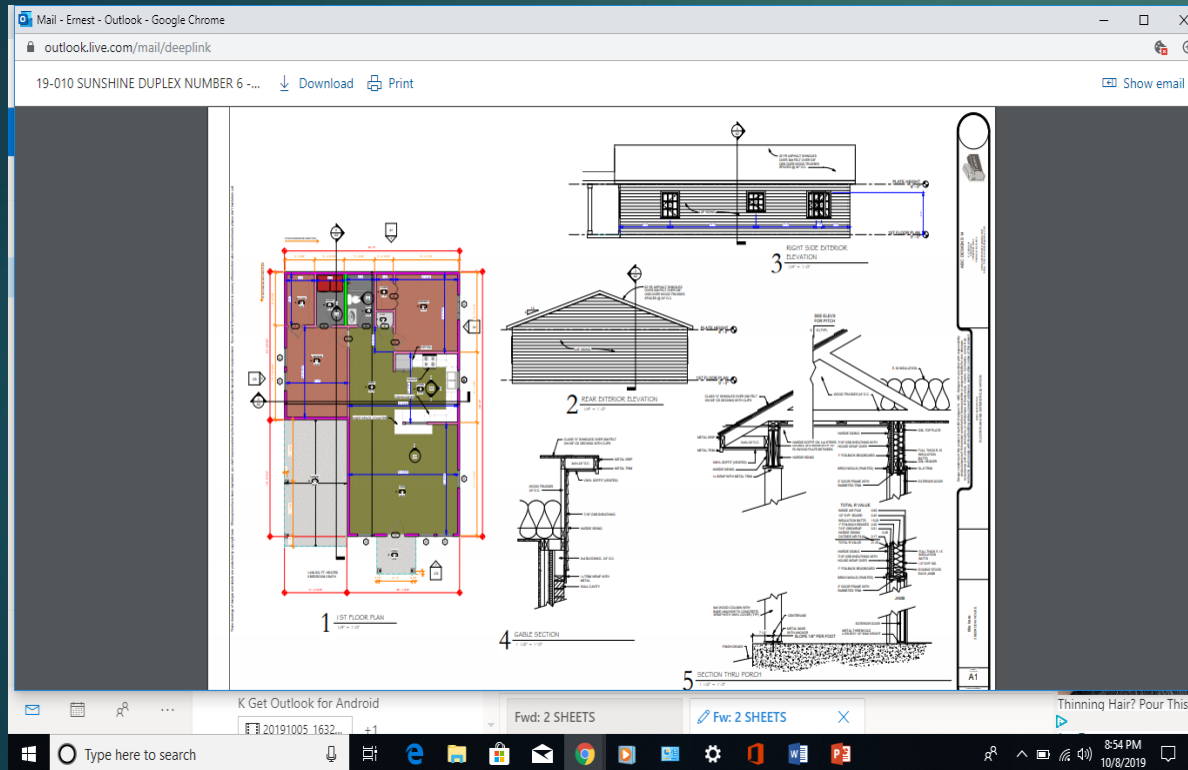


Land Surveyed



Proposed Development

Preliminary Prints



Structure

Floor Plan

Contract Financed



OWNER PROVIDES THE
FINANCING.




DEVELOPER IS RESPONSIBLE
FOR THE WORK.



SUB CONTRACT AS
NEEDED.

Develop
your own,
Invest in
our own,
and pool
resources
needed.



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