

**MCALLEN HOUSING FINANCE CORPORATION MEETING
JULY 18, 1991**

A meeting of the McAllen Housing Finance Corporation was held on Thursday, July 18, 1991 at 5:00 pm at the Office of Morgan Talbot with the following present:

	Morgan Talbot	President
	Lynda Moore	Vice-President
	Bill Meyers	Member
	Carlos Garza	Member
Staff:	Jim Darling	City Attorney
	Leticia Vacek	City Secretary

CALL TO ORDER

President Talbot called the meeting to order.

1. APPROVAL OF MINUTES OF JUNE 27, 1991

Ms. Moore moved to approve the minutes of June 27, 1991 as submitted. Mr. Meyers seconded the motion. Motion carried unanimously by those present.

2. CONSIDERATION OF AVAILABLE FUNDS

Mr. Talbot noted that the Corporation has approximately \$850,000 and needs to decide what to do with the funds. He stated that there was several options. Ms. Moore felt that the board should maintain what the corporation was set out to do initially, being housing.

It was noted that the City of McAllen had more resources than the McAllen Affordable Homes, Inc. (MAH, Inc.) and that the available funds were intended to be used for housing.

Mr. Garza moved that the available funds of approximately \$850,000 be used towards housing. Mr. Meyers seconded the motion. Motion carried unanimously by those present.

Mr. Meyers felt that the money could be used towards a revolving loan fund program to purchase mortgages. Mr. Garza mentioned that the Corporation would have a portfolio that a collecting agency would manage. As the portfolio accumulates money it would be used for another mortgage; a combination of cash and mortgages.

At this time, Mr. Darling explained the MAH, Inc. loan process in that an applicant is eligible for a loan as high as nine percent for 15 years. He stated that the applicant may not have the money for closing expenses or pass the credit check. He added that there are only nine home sites left at Oak Terrace Subdivision.

After a brief discussion, it was the consensus of the board members present to contract with someone else and agreed on not giving the funds away but keeping them in a revolving fund.

Mr. Talbot mentioned limiting the amount of income level for the applicants. Setting up income guidelines and not accepting only junk loans was mentioned.

Ms. Moore asked if all the available funds were going to be used for this project or was some of the money going to be reserved for other projects. It was mentioned that some money would be reserved for other programs.

It was noted that MAH, Inc. was getting approximately 190 inquiries regarding the program and 19% go in to be processed.

It was the consensus of the corporation to consider a program using available funds for housing and come up with suggestions on how to do it.

The following were suggestions that were discussed and agreed on by the Corporation:

1. The Corporation would contract out the actual processing of loans.
2. No grants would be made available.
3. The Corporation would make only revolving loans.
4. The Corporation would have to pay a fee for managing of the funds.
5. The Corporation would set guidelines for cost of residents/sales housing built or bought.
6. The Corporation would set income guidelines and income qualifications.
7. Corporation would have right to an annual review and right to terminate at any time.
8. The Corporation would consider and evaluate amounts of loans and other projects such as for the elderly and handicapped.

It was also noted that all loans be targeted to certain groups and that the policy statement be flexible. It was agreed that the policy would be set on an annual basis.

Ms. Moore moved to approve the above noted as discussed. Mr. Meyers seconded the motion. Motion carried unanimously by those present.

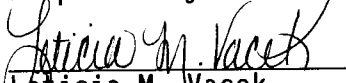
Ms. Moore felt that this was a good compromise for both boards.

At this time, the board asked Mr. Darling to draft a proposal and loan agreement with reference to what had been discussed.

OTHER BUSINESS

It was noted that the next meeting would be held sometime in late August.

Respectfully submitted,


Leticia M. Vacek
Corporation Secretary


Morgan Talbot, President