

Hugh Quill, Treasurer
Montgomery County

O.R.C. 135.80 LOCAL LINKED DEPOSITS FOR HOUSING

State statute permits a board of county commissioners, by resolution, to establish a linked deposit program. This program authorizes the County Treasurer as the County appointed investing authority, to invest interim monies in certificates of deposit as interest rates up to three percent below market rates with an eligible institution that has applied for interim monies. Similar authorization is given with respect to the investment of inactive monies. Eligible institutions must agree to lend the value of the certificates of deposit to eligible borrowers at three percent (3%) below the present borrowing rate applicable to such borrower.

In exchange for an eligible institution making a fixed rate, lower interest term loan to an eligible housing developer, the county treasurer will deposit with participating depository institution certificates of deposit for a determined amount and accept a lower rate of interest for terms of one or two years. The County does not guarantee the loan to the housing developer, and the County does not take an interest in the collateral.

The Montgomery County Treasurer will consider first and foremost the cash flow measures of Montgomery County, Ohio, prior to releasing any funds for a purchase of a certificate of deposit from a participating depository institution pursuant to the Linked Deposit Program.

Those lenders with offices in, and depository agreements with, Montgomery County, Ohio, who choose to participate in the Montgomery County Linked Deposit Program, and sign an agreement in regards to that participation, with Montgomery County, Ohio are eligible lenders.

Housing developers who wish to be eligible for participation in the housing portion of the Montgomery County Linked Deposit Program may be organized for profit or be incorporated in Ohio as a private, non-profit charitable organization, and certified exempt from income tax under Section 501(C)(3) of the Internal Revenue Code. In addition, housing developers who wish to participate in a Linked Deposit project must have prior successful experience in housing development, and must propose a project which is consistent with the applicable political subdivision's Consolidated Plan. The term "housing developer" also includes experienced individuals approved by the bank.

The size of the Linked Deposit loan for housing shall be at minimum be \$35,000 and at maximum \$500,000.

Linked Deposit loans for housing may be used for new construction or major rehabilitation. Construction loans for home ownership units may be converted to individual mortgage loans for the time remaining on the term of the Linked Deposit Loan at the discretion of the lender.

The term of the Linked Deposit loan for housing is two years. If the project involves more than 25 units, the developer may re-apply for another two (2) year term loan.

Housing projects which meet one of the following two criteria will be favored: (1) projects located in a target neighborhood, and that will have a major impact on neighborhood revitalization; or (2) projects consistent with the applicable Consolidated Plan (if outside target area), and that meet affordable housing needs in Opportunity Areas. The applicant/borrower must provide written documentation from the Cities of Dayton, Kettering or Montgomery County, whichever is the applicable jurisdiction, to confirm compliance with the foregoing criteria.

The sequence of Montgomery County certificates of deposit supporting the link will mirror that utilized by the State of Ohio; i.e. a one year linked loan will be supported by a series of three (3) four-month certificates of deposit; and a two year loan will be supported by three (3) four-month certificates of deposit in the first year and in the second year by a four-month, two (2) three-month, and a two-month certificate of deposit.

Interest on Montgomery County Certificates of Deposit will be the STAR (State Treasury Asset Reserve) Ohio rate, on the date of the purchase of the certificate of deposit, minus three percent (3%). The interest rate on certificates of deposit purchased by Montgomery County cannot fall below one percent (1%).

Montgomery County Linked Deposit loans may be used in combination with State of Ohio or County HOME or CDBG funds, as well as other sources of money. However, a project may only utilize the State of Ohio Linked Deposit Program or the Montgomery County Linked Deposit Program, but not both simultaneously. A housing developer may, however, simultaneously have separate and distinct projects linked to the State Of Ohio Linked Deposit Program and the Montgomery County Linked Deposit Program.

Credit decisions on loans reside solely within the authority of the participating depository institution, and only approved loans should be submitted for potential participation in the Montgomery County Linked Deposit Program. No applicant with delinquent real or personal property taxes will be eligible to participate. Should a participant in the Montgomery County Linked Deposit Program become certified delinquent in the payment of their real or personal property taxes during the loan term, then the depository institution will be notified by the Montgomery County Treasurer ' s Office, and the certificate of deposit linked to that participant ' s loan will not be renewed.

The Montgomery County Investment Advisory Committee shall review the link request and the Committee shall meet at least once a quarter to review the investment transactions. The Montgomery County Treasurer has the sole discretion of accepting a Linked Deposit loan package.

The participating depository institution is free to disburse funds before a Linked Deposit package is approved by the Montgomery County Treasurer. If the Linked Deposit package is not approved by the Montgomery County Treasurer, then the loan rate will be at the participating depository institution=s discretion.

There will be a monitoring letter sent to the participating housing developers one year from date of approval of the Linked Deposit loan. The housing developer will have thirty days to respond. If no response is received, a follow-up letter will be sent to both the housing developer and the depository institution. On-site monitoring will also be conducted. If there is no timely response to the monitoring letter(s), or if on-site monitoring is not permitted, then the certificate of deposit linked to the participant=s loan may not be renewed.

Annual Report: Contents of the Annual Report will be as follows:

1. Name of lending institution
2. Name of Linked Deposit housing developer
3. Amount of loan
4. Total housing units built or rehabbed
5. Date funded
6. Current status of project

The Montgomery County Linked Deposit Program for housing is designed to help encourage the development of housing in Montgomery County. If you have further questions, please call Roberta Longfellow, Housing Administrator, Montgomery County Community & Economic Development (937)225-4631.