

Date: August 14, 2025
To: Board of Commissioners
From: Jim Kruse, Chief Executive Officer
Subject: ACTION ITEM # 3 – Resolution 24-25-23 authorizing Stanislaus Regional Housing Authority to establish a Revolving Line of Credit with F&M Bank for the purpose of acquisitions, development and improvement activities.

Prepared by: Kim Ryan, Deputy Executive Director

Resolution No. 24-25-23

BACKGROUND:

The Stanislaus Regional Housing Authority has a need for acquisition, rehabilitation and development funding to meet its mission of development additional affordable housing units. Staff recommends establishing an ongoing Line of Credit that will achieve the following:

- 1) The ability to respond to time sensitive acquisition, rehabilitation and development opportunities
- 2) Reduce financing costs by eliminating new loan processing fees such as bank fees, additional appraisal fees and legal fees.
- 3) Provides additional funding for continued acquisition, rehabilitation, and development activities.

A line of credit can save time and provide flexibility when a property is available for purchase or for the development and construction of housing projects such as Edwards Estates II in Modesto and Foothill Terrace in Calaveras.

F&M Bank has provided a proposal for a Line of Credit, which is attached for reference. The loan amount remains under negotiation as of the date of this report; however, staff recommends approval for an amount not to exceed \$5,000,000.

The proposed terms include monthly interest-only payments, with the full principal and any remaining interest due at maturity in five years. As part of the proposed security for the loan, the Bank has requested UCC filing on Business Assets and Abundance of Caution Deeds of Trust on the following properties, all of which currently have existing F&M Bank Deeds of Trust:

- 201 E Coolidge Avenue, Modesto
- 2313 Bellingham Way, Modesto
- 1901 Paramount Way, Modesto
- 719 Driskell Avenue, Modesto
- 6764–6788 Walker Lane, Hughson



Stanislaus Regional Housing Authority

ALPINE | AMADOR | CALAVERAS | INYO | MARIPOSA
MONO | STANISLAUS | TUOLUMNE COUNTIES

RECOMMENDATION

Following review and discussion, staff recommends the Board of Commissioners approve and authorize the Executive Director to execute loan documents with F&M Bank for the line of credit for acquisition, development and improvement activities.

FISCAL IMPACT

Potential revolving line of credit in the amount not to exceed \$5,000,000 for a period of 5 years. Interest and Loan payments will be repaid through project funding sources or disposition of the properties.

ATTACHMENTS:

Resolution No. 24-25-23

F&M Bank Proposal



Stanislaus Regional Housing Authority
ALPINE | AMADOR | CALAVERAS | INYO | MARIPOSA
MONO | STANISLAUS | TUOLUMNE COUNTIES

RESOLUTION NO. 24-25-23

RESOLUTION AUTHORIZING STANISLAUS REGIONAL HOUSING AUTHORITY TO ESTABLISH A REVOLVING LINE OF CREDIT WITH F&M BANK FOR ACQUISITION, DEVELOPMENT AND IMPROVEMENT ACTIVITIES.

WHEREAS, the Stanislaus Regional Housing Authority (Authority) has determined that a need exists and desires to establish a Revolving Line of Credit for acquisition, development and improvement activities; and

WHEREAS, the Authority has determined that a Revolving Line of Credit will require the Authority to enter into a financing agreement between the Authority and F&M Bank; and

WHEREAS, the Executive Director will review and approve any funding documents for compliance with Housing Authority policies and funding approvals; and

WHEREAS, the Executive Director will have legal review and approval of any funding documents; and

WHEREAS, the Executive Director is authorized to take all necessary action to execute funding related agreements; and

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Stanislaus Regional Housing Authority, that:

1. The Executive Director is authorized to establish a Revolving Line of Credit financing in the amount not to exceed \$5,000,000, for acquisition, development and improvement activities.
2. The Executive Director is authorized, after legal review, to sign all necessary documents and take all necessary actions to execute loan documents and any other funding related documents.
3. This Resolution shall take effect immediately.

DULY AND REGULARLY ADOPTED by the Board of Commissioners of Stanislaus Regional Housing Authority this 14th Day of August 2025. On motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Approved: _____
Chairperson

Attest: _____
Secretary



Stanislaus Regional Housing Authority

Revolving Line of Credit

August 8, 2025

**Presented
By**

**Courtney L. Gogna
Vice President, Relationship Manager**

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F&M BANK

EXPRESSION OF INTEREST LETTER

August 6, 2025

Stanislaus Regional Housing Authority
1612 Sisk Road
Modesto, CA 95350

Dear Jim,

Since 1916 F&M Bank has helped make banking easy for our clients. As a locally owned and operated community focused financial institution, we have a proud history of providing innovative products and services delivered with the highest possible level of customer service. We are very pleased to have the opportunity to provide this Expression of Interest letter and to show how F&M Bank can make banking easy for Stanislaus Regional Housing Authority.

F&M Bank has assembled a team of professionals led by Kent Steinwert, President, CEO and Chairman, to support your banking needs. This team will go out of their way to marshal the resources of F&M Bank to ensure Stanislaus Regional Housing Authority receives service beyond your expectations.

This proposal comes with our commitment to provide personalized service delivered by a relationship team, as well as direct access to F&M Bank's Senior Management at 121 West Pine St., Lodi, CA 95240.

Again, we appreciate this opportunity and look forward to becoming your bank.

Sincerely,



Courtney L. Gogna
Vice President, Relationship Manager

CREDIT PROPOSAL

Borrower: Stanislaus Regional Housing Authority

Loan Purpose: Funds used for short term working capital needs.

Type: Revolving Line of Credit.

Loan Amount: \$3,000,000.

Maturity: Five (5) years.

Rate: The interest rate shall be equal to F&M Bank's Base Rate plus a spread of zero basis points (0.00%).

If the loan funded today, the rate would be 7.50%.

Interest will be calculated on a 360-day year.

Repayment: Monthly interest only payments with principal due at maturity.

Floor Rate: Floor Rate to be set at time of documentation.

Loan Fee: 0.50% of the loan commitment payable at time of loan closing.

Loan Processing Fee: There will be a loan processing fee of \$695. This fee is exclusive of all other third party fees and other charges listed below.

Collateral: UCC-1 on all business assets.
ABC D/T on the following properties:
201 E Coolidge Ave, 1901 Paramount Way, 719 Driskell Ave, 6764-6788 Walker Lane, Hughson.

Other Charges: All third party and out-of-pocket fees including but not limited to title, legal, appraisal, environmental surveys, cost review, etc. are to be paid by borrower.

Guarantor(s): N/A

OTHER CONDITIONS

1. There shall be no secondary financing permitted, unless approved by the Bank;
2. Insurance Requirements:
 - General Liability Insurance at a minimum of \$1,000,000, naming F&M Bank as additional insured.
3. Debt service coverage ratio requirement based on the cash flow of the borrower against all outstanding debt obligations. Requirement of at least 1.25:1 measured annually at borrower's fiscal year end.
4. Borrower to provide the following financial information:
 - Annually,
 - Annually, Borrower to provide annual CPA Audited financial statements within 270-days of year-end.
 - Additional financial information may be requested;
5. Borrowing entity agrees to maintain their primary banking relationship with F&M Bank.
6. Line of credit must rest at a \$0 balance for at least 30 days between months 12-60 of the loan term.

As stated herein, this proposal is for discussion purposes only and **does not constitute a commitment**. Any future commitment of credit is subject to the Bank's receipt of the borrower's application, financial information, credit history and such other information that may be requested by the Bank. Ultimately, credit commitments may require approval from the Bank's Board of Directors. If any credit is subsequently committed by the Bank, you would be required to execute documentation that is in a form and in substance satisfactory to the Bank. Subsequent documentation may include terms and conditions that are different from or in addition to those that are stated in this letter. For example, these terms may include various warranties, representations and covenants regarding financial conditions. Any pre-closing conditions stated in the loan documents would have to be met prior to funding.

This proposal will expire on **August 13, 2025**.

If these terms are acceptable to you and you wish for lender to proceed with underwriting and seeking formal approval of the proposed loan, please sign and return this Expression of Interest Letter.

Thank you for the opportunity to present our credit proposal. Upon acceptance, please sign and return the original to the undersigned.



Courtney L. Gogna
Vice President, Relationship Manager

Stanislaus Regional Housing Authority

By: Jim Kruse

Date

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TREASURY SOLUTIONS

F&M Bank provides treasury solutions to help improve cash flow, streamline payables, manage liquidity, and reduce unnecessary risk exposure.

At F&M Bank you will have access to a dedicated Treasury Relationship Manager who can structure the most appropriate treasury solution to fit your specific needs—we understand that it's not a one-size-fits-all approach.

We're here for your company for the long term. Since 1916, we've had an established track record of helping clients. Whether your company is just starting out or at a stage of maturity, we're focused on meeting your business' financial needs.

RECEIVABLES SOLUTIONS

At F&M Bank, your Treasury Relationship Manager can help evaluate how you do business with your customers in order to help define the best means for collecting receivables. Then, your Treasury Relationship Manager will suggest cost effective solutions that can free up time, money, and resources. Receivables solutions include:

- **Remote Deposit¹**
 - Accelerate cash flow
 - Reduce errors in accounting
- **Lockbox²**
 - Provides an efficient way of processing high volumes of customer payments
 - Accelerate your receivables processing
- **Merchant Card Services³**
 - F&M Bank partners with Elavon to deliver an industry-leading merchant card processing solution
 - Accept payment cards wherever you do business with wireless payment processing
 - Help grow your business with PC and Terminal-based POS solutions
- **Automated Clearing House (ACH)^{4,5}**
 - Ensure timely receipt of payments
 - Eliminate administrative time and expense associated with processing paper-based receivables

INFORMATION REPORTING SOLUTIONS

Know where your money stands at all times, no matter where you are located. Information reporting tools provide a full view of your financial situation. Your F&M Bank Treasury Relationship Manager will evaluate the nature of your information reporting needs to assist in identifying the best solutions for your company. Reporting solutions include:

- **Treasury Management Online⁶**
 - View real-time account activity; up to 6 months of transaction history
 - Locate and print images of paid checks, deposit tickets, deposited items, and more

- Transfer funds between F&M Bank accounts or schedule future transfers
- Place real-time stop payments the minute they need to happen
- Download information into QuickBooks®, Microsoft Excel® spreadsheets, and other money management software
- Customize Treasury Management Online banking hours with Time Protect
- **Account Reconciliation⁴**
 - Improve audit control over funds disbursement
 - Download data files daily or monthly
 - Ideal for businesses issuing a large number of checks

PAYABLES SOLUTIONS

Your Treasury Relationship Manager will evaluate your operations and work with you to find cost effective solutions that can help streamline accounts payable, reallocate resources, and reduce errors. Payables solutions include:

- **Automated Clearing House (ACH)^{4,5}**
 - Pay vendors, direct deposit employee payroll, and pay taxes with ease
 - View additional “addenda” information through F&M Bank’s Electronic Data Interchange (EDI) reporting capability
 - Reduce errors in accounting
- **Wire Transfers Online⁴**
 - Initiate domestic and international (USD) wire transfers
 - Move funds on the same day, easily and safely
 - Schedule one-time transfers or create recurring templates for future use
- **Business Debit Card⁷**
 - Can be issued to a non-signer on the account
 - Limits are customizable per card
 - Use your debit card anywhere Visa® Debit cards are accepted
- **Corporate Credit Card^{3,8}**
 - Credit card services are provided through UMB Financial Corporation
 - No annual fee (non-rewards card)
 - Rewards program available (with annual fee)
 - Comprehensive itemized statements

DEPOSIT SOLUTIONS

F&M Bank offers a wide range of interest and non-interest bearing, FDIC-insured accounts. Our deposit account options can help improve your treasury processes, satisfy your daily business operations, and meet your financial transaction needs.

- **Account Types:**
 - Business Account Analysis
 - Zero Balance Account (ZBA)
 - Sweep Account
 - Money Market Account
 - Certificate of Deposit
 - Business Savings Account

FRAUD PROTECTION SOLUTIONS⁹

Proactively protect your business from becoming a victim of fraudulent activity with fraud protection security. Your F&M Bank Treasury Relationship Manager will assess your business' fraud prevention needs. This can add peace of mind by having systems in place if fraud-related issues should arise. Fraud protection solutions include:

- **Positive Pay⁴**
 - Compares the checks presented for payment to those in your issued check file
 - Catch fraudulent activity before the money leaves your account
 - Decision exception items online in real time
- **ACH Positive Pay⁴**
 - Compares the ACH transactions presented for payment to the companies you authorize
 - Sends alerts when an exception occurs
 - You decide whether or not to approve the transaction
- **ACH Blocks and Filters**
 - Flags and returns transactions that you have not authorized
 - Blocks all ACH debits or credits from selected accounts
 - Filters ACH debits or credits from those companies you designate

Please inquire with your Treasury Relationship Manager regarding current fees or cost and information on other conditions or requirements that apply to the above products. The above information is accurate as of 8/1/2018 and is subject to change without notice.

¹ Internet access and scanner are required. ² Use of U.S. Post Office Box is required. ³ Third party provider and is not an affiliate or subsidiary of F&M Bank. ⁴ Must be set up with Treasury Management Online. ⁵ Required to comply with NACHA Operating Rules for ACH Originator(s). Approval for use may be subject to underwriting criteria. ⁶ Internet access is required and fees to other third parties may apply for use of QuickBooks® and Microsoft Excel® spreadsheets. ⁷ Application and qualification required. Third party fees may apply for use of Point of Sale (POS), Non-F&M Bank ATMs, and for use of Pulse®, Cirrus®, or Visa® networks. ⁸ Application and qualification required. ⁹ These products are designed to enhance your security program to help mitigate fraud risk. However, we cannot guarantee 100% fraud protection.

F&M BANK RELATIONSHIP TEAM

NAME	TITLE	EMAIL	PHONE
Courtney L. Gogna	Asst. Vice President & Relationship Manager	clgogna@fmbonline.com	(209)571-4014
Ben Hester	Senior Vice President & Market Manager	bhester@fmbonline.com	(209)571-4028
Sherri Woods	Vice President & Treasury Relationship Manager	swoods@fmbonline.com	(209)571-4013
Jared G. Steinwert	Regional Senior Vice President, Wholesale Banking	jasteinwert@fmbonline.com	(209) 571-4019
John Weubbe	Executive Vice President and Chief Credit Officer	jweubbe@fmonline.com	(209) 367-2417
Kent Steinwert	President, Chief Executive Officer & Chairman of the Board	n/a	(209) 367-2448