

WELCOME

2011

RLF ADMINISTRATOR'S WORKSHOP

- February 16, 2011 – Carroll, IA
- February 17, 2011 – Coralville, IA



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2011 RLF ADMINISTRATOR'S WORKSHOP

Learning Objective:

To become familiar with portfolio administration and Agency reporting requirements. At the conclusion of today's workshop, participants will have a greater understanding of:

- o Minimum reporting requirements due to the Agency;
- o Principles of sound, effective portfolio administration.



RLF Overview

Revolving Loan Funds (RLF) are established through 3 different USDA Rural Development Programs:

- o Rural Economic Development Grant (REDG)
- o Intermediary Relending Program (IRP)
- o Rural Business Enterprise Grant (RBEG)



RLF Overview

In general, all Agency RLF's:

- Include matching funds
- Are administered in accordance with RLF plan
- Are used to provide gap financing
- Require periodic reports to the Agency
- Require ongoing oversight by the Agency



Rural Economic Development Grants (REDG)



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REDG RLF Reporting Requirements

- ❑ **FORM RD 4280-1, Survey of Recipients of Rural Development Loan and Grant Program**

- ❑ **Exhibit A**

- Both due March 30th!

- Both submitted 1 time only for each ultimate recipient – due by March 30th following the year in which the ultimate recipient loan was made.



REDG RLF Reporting Requirements

❑ EXHIBIT B to FORM RD 4280-1

- Due March 30th with Form RD 4280-1
- Aggregate list of all Ultimate Recipient loan activity
- Due **annually** until all Ultimate Recipient's financed with initial RD grant funds have been paid or otherwise retired, whichever occurs last.
- Thereafter, due on a **triennial** basis until the fund is terminated.



REDG RLF Reporting Requirements

ANNUAL AUDIT

- Due **within 90 days** of its completion.
- RUS Borrowers – submit to GFR
- Non-RUS Borrowers – submit to RD
- REDG Ultimate Recipients may be required to submit annual audit.
 - Ultimate Recipients that are nonprofit entities, or a State or local government, may be required to submit an audit subject to the threshold established in OMB Circular No. A-133 (>\$500K in federal funds expended in a fiscal year).



REDG RLF Reporting Requirements

AGENCY VISIT/REVIEW – GUIDE 3

- Due every three years following initial review
- Purpose of the visit is to verify that Grant Funds are being used for authorized purposes in accordance with the regulation, the Grant agreement, and any other conditions imposed by Rural Development.



QUESTIONS?



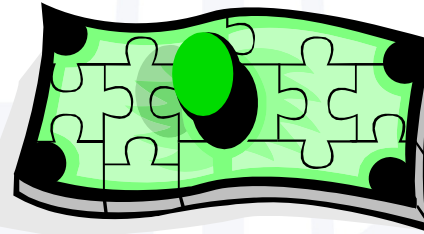
Intermediary Relending Program (IRP)



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IRP Fund Management

The IRP RLF consists of:



- IRP loan proceeds
- All funds that the Intermediary contributes
- Interest earned from IRP RLF funds
- Fees collected in connection with IRP RLF loans
- Funds from the repayment of principal and interest

IRP Fund Management

The following items should be monitored closely:

- Sources of money
- Operating costs
- Loan loss reserves
- Loan payments made from the account
- Primary collateral of USDA's loan



IRP Fund Management

- The RLF must be maintained in separate and distinct bank account(s). The Intermediary may combine IRP loan accounts together if they have multiple IRP loans.
- The RLF must be in an interest-bearing account, with interest staying in the IRP fund.
- The account must be Federally-insured.
- If the account exceeds FDIC limit, must be collateralized via pledge of collateral by the bank. The Intermediary may place IRP funds in more than one account in order to stay under the FDIC limit.
 - Form RD 402-1, Deposit Agreement for each account!



Reports

Three critical reports:

- **Quarterly or Semi-Annual Status Reports**
- **An annual audited financial statement**
- **An annual operating budget report**



Quarterly/Semi-Annual Status Reports

- ✓ Formerly known as Form 1951-4, Report of IRP/RDLF Lending Activity;
- ✓ NOW DONE ON-LINE at URL:
<https://usdalinc.sc.egov.usda.gov/>
- ✓ Due **quarterly** until the loan is 90% disbursed, than report is required only **semi-annually**.
- ✓ Must be submitted within 30 days of reporting period's end.



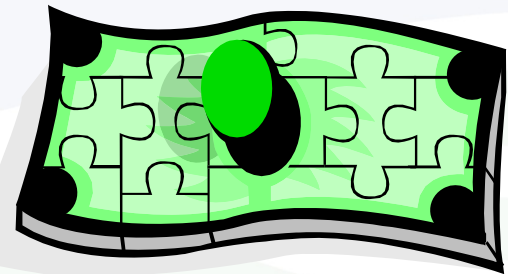
Annual Audit

- **Due to USDA within 90 days of the Intermediary's FYE**
- Generally Accepted Accounting Principles (GAAP)
- All of borrower's activities, not just the IRP RLF
- Include separate supporting schedules for IRP RLF



Annual Budget

- **Due 60 days prior to the beginning of the Intermediary's fiscal year**
- Proposed income & expenses
- Agency (written) approval



Annual Budget

- The amount removed from the IRP revolving fund for administrative costs in any year must be reasonable.
 - Actual costs of operating the IRP RLF, including loan servicing and providing technical assistance
 - Amount approved by the Agency

- Funds should be budgeted for building up the required 6% of outstanding loans for loss reserve.



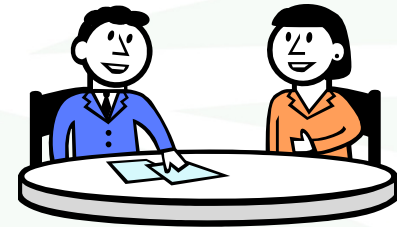
Annual Report

- An annual report on the extent to which increased employment, income and ownership opportunities are provided to low-income persons, farm families, and displaced farm families for each loan made by the Intermediary.
- Submit with last quarterly/semi-annual status report each fiscal year.



Annual Agency Visit

- USDA is required to visit all IRP Intermediaries once a year, including ultimate recipient visits.
- If there are any problems, with the annual budget or any other items, they can be discussed during this visit.



QUESTIONS?





Rural Business Enterprise Grant Program (RBEG)



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Form SF-425, Federal Financial Report, and SF PPR, Performance Progress Report

- **Due on a quarterly basis** (due 15 working days after end of quarter) until grant funds are fully disbursed.
- A final Performance Progress Report will be required with the last SF-425. The final report may serve as the last quarterly report.
- Grantees must constantly monitor performance to ensure time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved.



ARRA RBEG's

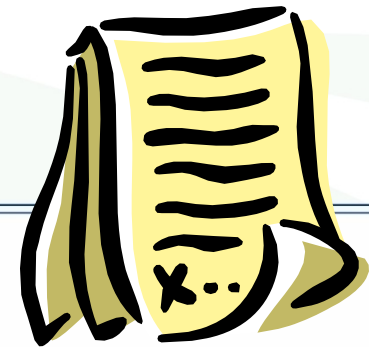
- www.FederalReporting.gov
- Due Quarterly
- http://www.rurdev.usda.gov/ia/ARRA_Iowa_Information.html



Audit Requirement

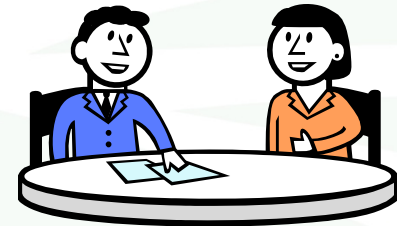
Audit requirements only apply to the year(s) in which Agency grant funds are expended! One of the following is required:

- A-133 Audit** - required for those that **expend >\$500,000** in Federal Funds during the entity's fiscal year. **Due 9 months after audit period.**
- RD Requirement** – Agreed Upon Procedures Engagement for those that **expend <\$500,000** in Federal Funds during the entity's fiscal year. **Due 90 days after audit period.**



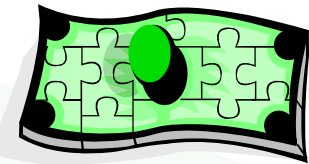
Agency Visit

- Annual visit recommended, at a minimum every three years.
- Purpose of the visit is to verify that Grant Funds are being used for authorized purposes.
- Ultimate Recipient tracking



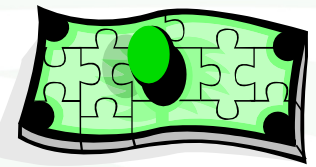
RBEG Fund Management

- ALL Ultimate Recipient loans (both initial and revolved) must be in accordance with the Revolving Loan Fund Plan approved by the Agency.
- Any changes to the RLF Plan, even after initial grant and match funds have been expended, must be approved by the Agency.



RBEG Fund Management

- RLF bank account - Must be covered by Federal Deposit Insurance Corporation (FDIC) insurance
- RLF Work Plan – Keep it updated!



QUESTIONS?



All Revolving Loan Funds

- Eligible Rural Areas
- EEOC Reporting
- DUNS Information



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Eligible Rural Areas

ALL Ultimate Recipients must be located in eligible rural areas!

REDG – communities of less than 50,000;



IRP – communities of less than 25,000;

RBEG – communities of less than 50,000.

Eligible Rural Areas

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File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Refresh Print Mail Stop

Address <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=RB5menu&NavKey=property@13> Go Links

USDA United States Department of Agriculture
Rural Development

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Home About SCA Contact Us

You are here: Eligibility / Property Eligibility

Rural Business Services

[Click Here for the following programs:](#)

- Business and Industry Guaranteed Loans (B&I Guar.)
- Rural Business Enterprise Grants (RBEG)
- Rural Business Opportunity Grants (RBOG)
- Rural Economic Development Loans (REDL)
- Rural Economic Development Grants (REDG)
- Renewable Energy and Energy Efficiency Program (REEEP)

[Click Here for the following programs:](#)

- Intermediary Relending Program (IRP)

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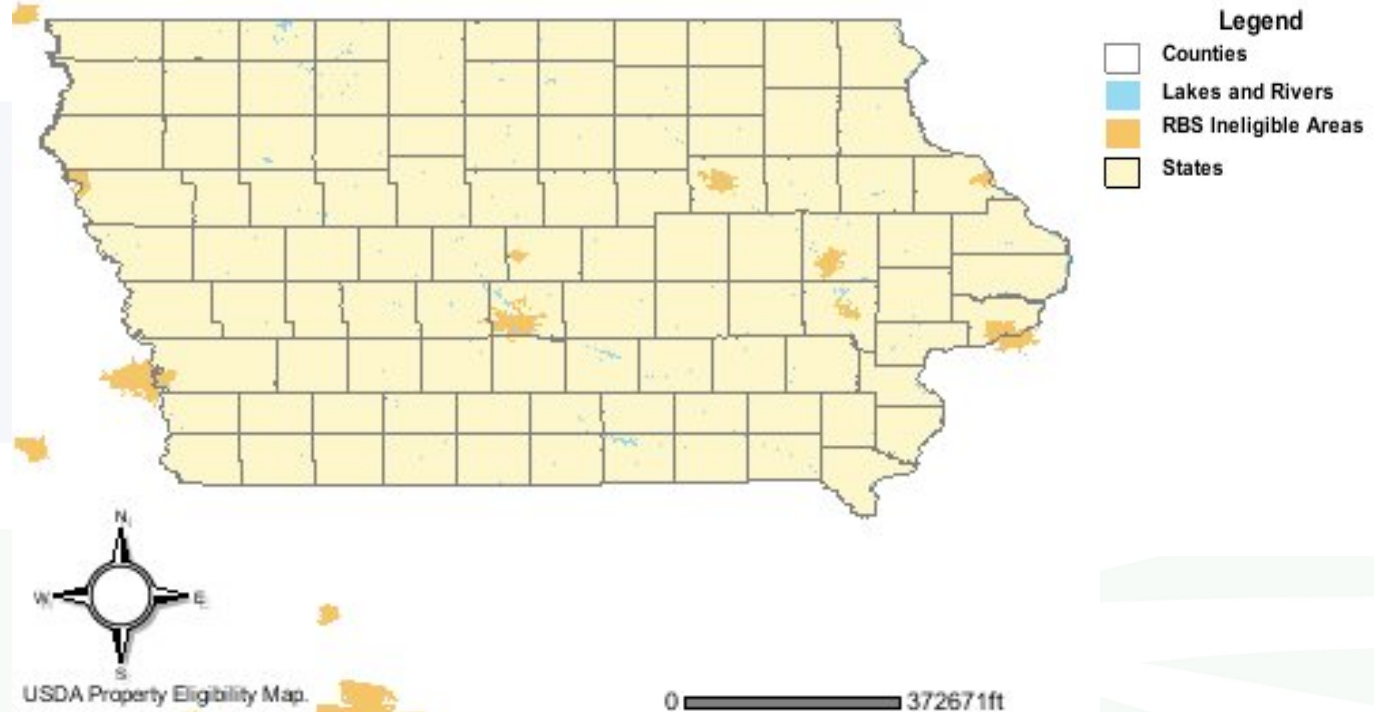
Eligible Rural Areas

The screenshot shows a Microsoft Internet Explorer browser window displaying the USDA Property Eligibility page. The address bar shows <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>. The page content includes a navigation menu on the left with categories like Eligibility, Property Eligibility Programs, Income Eligibility Programs, Income Limits, Loan Program Basics, and Contact Us. The main content area is titled "Rural Business Services" and "USDA Property Eligibility". It provides instructions on how to determine property eligibility: "Property eligibility can be determined in any one of three ways: -Enter an address below or -Select a state from the map". There are two main sections: "Pin Point Address on U.S. Map" with input fields for Address, City, State (a dropdown menu), and Zip-Code, and a "Get Map" button; and "Please select a state to view eligibility area by placing cursor over desired state and clicking." which features a map of the United States with colored regions. A link is provided: [Click here to find out about additional areas that are also considered eligible this fiscal year](#). The browser's taskbar at the bottom shows various open applications including Microsoft Excel, Agenda Outline, Microsoft PowerPoint, and Internet Explorer, along with the system clock showing 2:10 PM.



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Eligible Rural Areas



<http://eligibility.sc.egov.usda.gov/eligibility/eligibilityAction.do>



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Civil Rights Program Compliance

- Overview of Civil Rights Laws
- Why does it apply to your RLF?
- What is the Intermediary's responsibility?
- What is the Agency's responsibility?
- Tracking tools
- Equal Credit Opportunity Act



Civil Rights Program Compliance

Why does it apply to your RLF?

- Code of Federal Regulation
 - Title 7, Part 15, Subpart A
- RD Instruction 1901-E
 - Civil Rights Compliance Requirements
- Loan and Grant Documents



What is the Intermediary's responsibility?



- Sign Form RD 400-4, Assurance Agreement.
- Collect racial, ethnic and gender data on all applications.
- Maintain a summary of actions for each application (rejected, withdrawn etc...).

What is the Intermediary's responsibility?



- Assure that all material for the public, pertaining to the funded program, contain nondiscrimination statement.
- Assure accessibility to facility and program.
- Display the “And Justice for All” and “Equal Employment Opportunity is the Law” posters.

What is the Intermediary's responsibility?



- Obtain Form 400-4 Assurance Agreement from Ultimate Recipients
- Obtain employment data from Ultimate Recipients

What is the Agency's responsibility?

- Obtain Form RD 400-4, Assurance Agreement from Intermediaries
- Advise Intermediary of responsibilities
- Conduct Civil Rights Compliance Reviews **every three years** for the life of the revolving loan fund.
- Report instances of noncompliance to Agency Civil Rights Staff



Tracking Tools



- Data Collection Notice
- RLF Data Collection Table
- Organization Data Collection Table
- Ultimate Recipient Data Collection Table

Equal Credit Opportunity Act

- ECOA
 - applies to all lenders
 - notification is issued when an adverse decision has been made
 - notification required 30 days after a complete application is received
 - notification must contain explanation of reasons for denial



DUNS

- Dun & Bradstreet Data Universal Number System (DUNS) number.
- OMB Final Rule - June 6, 2008; all recipients and subrecipients, except individuals, to obtain a DUNS number for the implementation of the FFATA.
- Beginning October 1, 2008, all loans and grant applications must have a DUNS number assigned to them.

DUNS

To obtain a DUNS

- Contact the D&B Government Customer Response Center at: 1-866-705-5711, or
- Go to the website at:
<http://fedgov.dnb.com/webform/displayHomePage.do>
- THIS IS FREE



QUESTIONS?

