

RLF-ED MARCH 31, 2015 COMPLIANCE REPORT AND HUD REGULATIONS TRAINING

March 24 and 26, 2015 Webinar

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9/31/2014 RLF-ED COMPLIANCE REPORT

- You did a good job completing the 9/30/2014 RLF-ED Compliance Report

THANK YOU

AGENDA

- Part one: Changes to the RLF-ED Compliance Report
- Part two: Review of HUD regulations concerning CDBG RLFs

PART ONE

RLF-ED COMPLIANCE REPORT for the Period Ending 3/31/2015

GENERAL INFORMATION TAB

- Need to fill in the Unit of General Local Government (UGLG) Duns Number
- If Preparer of Report, Person to Receive Notification or Community Development Director is a consultant, fill in Consulting Firm Name.
 - Definition of a consultant – Anyone that is not an employee of the UGLG
- If “Preparer of Report” and “Person to Receive Notification” was the same name, the “Person to Receive Notification” was eliminated. “Preparer of Report” automatically receives notifications from DOH

ED (ECONOMIC DEVELOPMENT) TAB

- Ensure the Reporting Period on line 5 is “October 1, 2014 – March 31, 2015”
- The “Calculated Loan Interest” and “Interest Paid Prior to Beginning of Current Period” columns have been deleted
- Added column “Principal Forgiven” (Column J)

RLF (REVOLVING LOAN FUND – ED) TAB

- Deleted “Outstanding Interest at Beginning of Period”, “Interest on New or Restructured Loan” and “Interest Forgiven, Defaulted, Bankrupt, Restructured”
- Added “IDIS Number” and “Duns Number” columns
- “IDIS Number” column is grayed out. DOH will fill it in when loan is entered into IDIS. You will need to enter this number on the Remittance Form if you remit funds to the state
- “Duns Number” column – enter the business’ Duns number

RLF (REVOLVING LOAN FUND – ED) TAB CONTINUED

- The “Principal Loan Balance at Beginning of Period” may be grayed out. New loan amounts can not be added to grayed out cells. Enter amounts in “New or Restructured Loan” column
- If a loan was closed during the last period, the information was deleted from the RLF-ED and the RLF Performance Sheets. New loans can be added to these lines
- If loan status is bankrupt or defaulted, the loan will not be transferred to the **Closed Loan Tab** until the UGLG puts the amount forgiven in “Principal Loan Forgiven, Defaulted, Bankrupt, Restructured” column. Remember collection efforts must be completed and documented before a loan can be considered “Closed”

CLOSED LOANS AND FUNDS REMIT TO STATE TABS

- No Changes

ADMINISTRATIVE EXPENSES TAB

- Line 7 added “If UGLG collects administrative/processing fees from the borrower, enter amount collected in the table below as a negative amount.” Enter the negative amounts on line 44 – 50
- Carryover of the allowable administrative amount that was not used on the 9/30/14 report is listed on line 53
- Per Federal regulations, 24 CFR 489 (a)(3) allowable administrative expenses can only be charged in the year earned

ADMINISTRATIVE EXPENSES TAB (CONTINUED)

- If the difference is positive (Line 56), then the amount that is positive can not be charged to the RLF-ED fund and must be paid by the UGLG
- The funds should be reimbursed when the report is completed. The reimbursed amount should appear on the April or May RLF bank statement
- The adjustment must appear on the 9/30/15 Compliance Report – [Reconciliation Tab](#) under the Bank Account Reconciliation section

RECONCILIATION TAB

- Only need to fill in the pink cells
- “Interest Earned On Funds Maintained By Bank” is the total interest earned from 10/1/2014 through 3/31/2015
- Ending Cash on Hand Per Bank Account as of 3/31/2015 should agree to the 3/31/2015 bank statement
- The RLF-ED must have a separate bank account
- Remember a copy of the 3/31/2015 bank statement must be sent to DOH with the RLF-ED Compliance Report

RECONCILIATION TAB (CONTINUED)

- The RLF Account Balance per Financial Books as of 3/31/15” is the ending balance of all loans according to your accounting records
- A printout of the UGLG’s accounting records for the RLF-ED should be sent to DOH with the RLF-ED Compliance Report

RLF PERFORMANCE COMPLIANCE TABS

- Job creation or retention performance must be indicated for ALL loans
- If it is after the ending performance period date, indicate the information in column C (Prior to 1/1/2014)
- Must complete the performance “Start Date” and “End Date” for all loans
- Complete Employment Requirements in Column E (3/31/2015) for all loans

REPORT SUBMISSION

- The completed 3/31/2015 RLF-ED Compliance Report and accompanying documentation must be submitted to DOH by May 15, 2015
- Accompanying documentation includes
 - RLF-ED 3/31/2015 Bank Statement
 - RLF-ED Financial Ledger for the period 10/1/14 through 3/31/2015
 - Documentation for Administrative Expenses

REPORT SUBMISSION (CONTINUED)

- Attach Semi-Annual Compliance Report to email as an excel file
- Do not attach as a PDF file
- Subject line of the email should be same as the name of the attached file
- Email the report and associated attachments to DOACDBG@wisconsin.gov

PART TWO

HUD REGULATIONS

HUD REGULATIONS

- RLF loans must follow the same regulations that a CDBG Economic Development loan follows.

This includes

- National Objective
 - Davis Bacon
 - Anti pirating
 - MBE/WBE
 - Section 3
 - Fair housing
- Matching Fund expenditures must follow the same regulations that a CDBG Economic Development loan follows

NATIONAL OBJECTIVE

- All RLF – ED loans **MUST** meet a National Objective.
 - Low to Moderate Benefit (LMI) - Job Creation/Retention
 - Slum and Blight – normally not done through RLF-ED
 - Urgent Need – normally not done through RLF-ED

MATCHING FUNDS

- All RLF-ED loans should have a match
- At a minimum, the match should be \$1 for every \$1 loaned
- Expenditures used for match should be documented on a Matching Fund Journal. For each expenditure, the journal should include
 - The vendor name
 - Description
 - Check number
 - Date
 - Amount
- UGLG should receive documentation to verify matching fund expenditures

JOB CREATION VS JOB RETENTION

- Job creation – loan is given to new or expanding business. National Objective is creating new jobs for every \$35,000 borrowed and at least 51% must be LMI. If the 51% LMI could not be obtained, business must show the jobs were available to LMI. Job creation would be for a maximum of 5 years (Recommend 2 years)
- Job retention – loan is given to a business that would close if the loan was not received. National objective is retaining those positions for a maximum of 5 years
- Job retention is not the same as job maintaining. HUD regulations require job creation OR job retention not job maintaining

JOB CREATION

- One job should be created for every \$35,000 loaned
- When calculating the number of jobs to be created, round up to a whole number
- 51% of the jobs created should be held by or made available to LMI (low to moderate income) persons

JOB RETENTION

- Must have sufficient information documenting that the jobs would have been lost without CDBG assistance

AND

- One or both applies to at least 51% of the jobs retained
 - The job is held by a LMI person; or
 - The job can reasonably be expected to turn over within 2 years and steps will be taken to ensure that the job will be filled by or made available to a LMI person

SELF CERTIFICATION FORM (REVISED SHEET)

- Each county's Self Certification Form contains county specific information
- Every year new LMI information is issued (between March and July)
- Depending on the year hired/retained, a different Self Certification Form is needed
- The form can be found at <http://www.doa.state.wi.us/Divisions/Housing/Bureau-of-Community-Development> under the resource area
- The following information will be needed
 - County the business resides
 - Year of hiring

REQUIRED UGLG'S POLICIES

HUD requires that the UGLG must have the following plans/policies/processes approved by their governing board

- Citizen's Participation Plan
- Affirmative Action Plan
- Procurement Policy
- Non-Discrimination Policy
- Equal Opportunity Policy
- Relocation Plan/Anti-Displacement Policy
- Non-Violent Demonstration Policy
- Excessive Use of Force Policy
- Fair Housing Ordinance
- Complaint Process

ENVIRONMENTAL REVIEW REQUIREMENTS

- All RLF loans must have an Environmental Review Form completed and approved by DOH
- Directions and forms can be found at http://www.doa.state.wi.us/Documents/DOH/CD/Handbooks/CDBG_PF_and_PLNG/Chapter04_Environmental.pdf

List all activities funded by your grant and identify those that have been previously assessed, those that require an environmental assessment, those which are categorically excluded and those which are exempt. Check the box which applies to each activity.

Activity	Source of Funds — CDBG or non-CDBG	Previously assessed	Requires Environmental Assessment	Categorically Excluded & subject to 58.5 (the Statutory Checklist)	Exempt <u>or</u> Categorically Excluded & NOT subject to the Statutory Checklist	Cite relevant section of 24 CFR Part 58

LABOR STANDARDS REQUIREMENTS

- If project is for construction or demolition, then Labor Standards regulations must be followed
- If the project is not for construction or demolition, but the matching funds include construction or demolition, then Labor Standards (Davis Bacon) regulations must be followed
- Information concerning Labor Standards can be found at
http://www.doa.state.wi.us/Documents/DOH/CD/Handbooks/CDBG_PF_and_PLNG/Chapter07_LaborStandards.pdf

SINGLE AUDIT REQUIREMENTS

- The program income received should be used in determining if an UGLG needs to have a Single Audit
- If a Single Audit is needed, the program income received must be included in the UGLG's Single Audit
- A Single Audit Statement (Attachment 11 B or Attachment 11C) must be completed by every UGLG and submitted to DOH by January 15th of every year
- The attachments and Single Audit information can be found at
http://www.doa.state.wi.us/Documents/DOH/CD/Handbooks/CDBG_PF_and_PLNG/Chapter11_SingleAudit.pdf

PROCUREMENT REQUIREMENTS

- If the UGLG contracts for Administration Services for their RLF-ED, the Wisconsin State Procurement Procedures must be followed
- Procurement information can be found at http://www.doa.state.wi.us/Documents/DOH/CD/Handbooks/CDBG_PF_and_PLNG/Chapter03_Procurement.pdf

DEBARMENT AND SUSPENSION REQUIREMENT

- The UGLG must ensure that awards are not made to any party which is debarred or suspended, or is otherwise excluded from or ineligible for, participation in federal assistance programs under Executive Order 12549 “Debarment and Suspension” (24 CFR 85.35)
- UGLG must check the status of all contractors and sub-contractors on the System for Award Management (SAM) at <http://sam.gov/>
- This includes the contractor used for administration services, Economic Development Corporations and the business receiving the loan
- Keep a copy of each SAM result with the corresponding RLF-ED files

ACQUISITION AND RELOCATION REQUIREMENT

- If the business who receives the loan acquires property (with loan or matching funds) and people are relocated, the business and UGLG must follow the rules on Acquisition and Relocation
- Acquisition and Relocation information can be found at
http://www.doa.state.wi.us/Documents/DOH/CD/Handbooks/CDBG_PF_and_PLNG/Chapter05_AcquisitionRelocation.pdf

SECTION 3 REPORTING REQUIREMENTS

- Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 which helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. "To the greatest extent feasible," UGLG's shall guide the employment opportunities of the CDBG project towards low- and moderate-income persons and Section 3 business concerns in the community
- Information on completing a Section 3 Report can be found at http://www.doa.state.wi.us/Documents/DOH/CD/Hanbooks/CDBG_PF_and_PLNG/Chapter06_EqualOppportunityandSection3.pdf
- On a yearly basis, Section 3 reports must be completed for all loans. UGLGs will be notified when the reports are due

WEB PAGE FOR WI DIVISION OF HOUSING – BUREAU OF COMMUNITY DEVELOPMENT

- <http://www.doa.state.wi.us/Divisions/Housing/Bureau-of-Community-Development>
- <http://www.doa.state.wi.us/Divisions/Housing/Bureau-of-Community-Development/CDBG-PF-Program-Overview/#ApplicationMaterials>