

CDBG RLF-ED COMPLIANCE REPORT

For the Period Ending 9-30-2016
Webinars held on 9-23-2016 and 9-26-2016

State of Wisconsin
Department of Administration
Division of Energy, Housing and
Community Resources

Areas of Discussion

- ▶ Update of the RLF–ED Compliance Report
- ▶ Follow–up of Delinquent, Defaulted or Bankrupt loans
- ▶ Documentation of Administration Expenses
- ▶ Environmental Reviews

Submission Information

Submit report and supporting information by
Tuesday November 15, 2016

To:

DOADECRCCommunityDevelopment@wisconsin.gov

Any time a document is submitted to DOA, please make sure the UGLG's name is in the Subject line of email and is in the document's name. For example: Brown Cty 3-31-2016 RLF-ED Compliance Rpt or Brown County 2016 Self Certs

Required Documents to Submit

- ▶ 9/30/2016 RLF-ED Compliance Report
- ▶ 9/30/2016 Bank Statement(s); Money Market Statement(s); Investment Statement(s)
- ▶ General Ledger covering the period 4/1/2016 through 9/30/2016
- ▶ 9/30/2016 Balance Sheet or General Ledger that has the balance of each RLF-ED loan and amount of cash listed
- ▶ Documentation of administrative expenses
- ▶ Employee Self-Certification forms

RLF-ED Tab

- ▶ Column J “Status” should be changed every period if necessary
- ▶ Additional three columns added
 - Increase Due to Accrued Interest (additional interest/penalty on unpaid loans)
 - Outstanding Loan Amount Per Documents
 - Difference
- ▶ Column K “Principal Loan Balance at Beginning of Period” is protected
- ▶ New loan amounts should be added to Column L “New or Restructured Loan”

Loan Status Definition

- ▶ Delinquent – A loan that is 30 to 60 days past due with no payments being made
- ▶ Default – A loan that is 61 or more days past due with no payments being made
- ▶ Bankrupt – A legal process has been started to declare bankruptcy
 - Chapter 7 – Liquidation of Assets
 - Chapter 13 – Reorganization
 - Chapter 12 – Family farm bankruptcy
 - <http://bankruptcy.findlaw.com/what-is-bankruptcy/bankruptcy-definition-what-exactly-is-it.html>

Loan Follow-up

- ▶ For every delinquent, default and bankrupt loan that was identified on the 3-31-2016 RLF-ED Compliance Report, a new tab has been added to the 9-30-2016 Compliance Report
- ▶ Tab title is “*Name of Business Collection*”
- ▶ There also are two additional tabs titled “**Loan Collection**”
- ▶ The additional tabs are to be used if any additional loan is identified as delinquent, defaulted or bankrupt

Loan Collection 1 Tab

Unit of General Local Government	Elroy, City of
Reporting Period	April 1, 2016 - September 30, 2016
FOLLOW-UP ON DELINQUENT, DEFAULTED OR BANKRUPT LOANS	
Business	
Beginning Loan Date	
Ending Loan Date	
Original Loan	
Outstanding Balance	
Date of Last Payment	
Status	
Type of Bankruptcy - Chapter 7, 12 or 13	
<p>Indicate the guarantee and collateral that is in the contract and the position the UGLG has on it:</p>	

Loan Collection 1 Tab (continued)

Status	As of	3/31/2016
Actions taken this period:		
Future actions that will be performed and date action will be completed:		

Loan Collection 1 Tab (continued)

TO BE COMPLETED ONCE LOAN IS CLOSED	
Date Loan Paid	
or	
Date Loan Written Off	
Date of Board's Approval to Write	
Amount Written Off	
Date turned back to State	

Common Collection Steps

- ▶ Collect all documentation and information
- ▶ Ensure all signed documentation are in place and have been thoroughly reviewed
- ▶ Contact borrower by sending a certified letter asking for repayment
- ▶ Have your attorney send a certified collection letter to the borrower
- ▶ Enforce the contract/agreement/promissory note non-payment clauses
- ▶ File a suit against the borrower and enforce the court's decision
- ▶ Turn loan over to the Department of Justice

Remember promissory notes, agreements and contracts are legally binding documents

Administrative Expenses

- ▶ Actual or direct charges
 - Must be documented and
 - Directly relate to the RLF-ED
- ▶ Overhead is not allowed
- ▶ Employee's payroll charges must be documented in a schedule
- ▶ Expenses cannot supplant normal budget

Supplant vs Supplement

- ▶ Supplant – Use HUD funds to replace or take the place of local funds
- ▶ Supplement – Use of HUD funds to build upon or add to local funds

Example of Time Documentation

Daily Time for RLF-ED			
Name: Sue Smith			
Hourly Rate with benefits: \$ 35.16			
Date	Number of Hours	Description	
3/26/2016	2	Attended Webinar	
4/5/2016	6	Completed RLF-ED Report	
4/6/2016	2	Finished RLF-ED Report	
4/30/2016	1	Made Deposit	
5/15/2016	1	Received and Reviewed ABC Employee Self Certs.	
6/30/2016	1	Collection Follow-up with ZYX on loan repayment	
Total Hours	13		
Amount Charged	\$ 457.08		

Administrative Expenses

- ▶ Training –
 - Must be related to RLF-ED
 - If the training benefits other programs, then the training expenses must be prorated to other grants or the general fund, even if these expenses are not allowable for another grant
 - HUD or State sponsored RLF training can be charged 100% to RLF-ED

Reconciliation Tab

- ▶ Line 32 “Ending Cash on Hand Per Bank Account”
 - Amount must be entered in from the bank account or general ledger (if funds are not kept in a separate account)
 - It should not be adjusted for check not cashed or deposits not credited by the bank
 - Indicate checks not cashed or deposits not credited in the Reconciling Item area

Reconciliation Tab

- ▶ Lines 17–18 and 26–28 “Other” – this lines will not be completed for the majority of time
 - To be used for payments on closed loans
- Expenditures for filing fees, attorney fees, title etc. should be entered on the “Administrative Expenses” Tab

Reconciliation Tab

- ▶ Line 58 “Non-Cash RLF Account Balance” should be from the statements that the UGLG uses to know how much principal the borrower still needs to repay.
 - Balance Sheet – Account Receivable amount
 - Detailed Trial or Transaction Register – the outstanding amount owed for each loan
 - Updated amortization schedule
 - Repayment schedule
 - T account

RLF Performance Tab

- ▶ Performance information only has to be filled in until end of performance period

Example

- Performance period ends 6/30/2016 then job creation or job retention information has to be filled in for the period ending 9/30/2016
- Job creation or job retention information should not be completed for reports after 9/30/2016

RLF Performance Tab

- ▶ Steps to take at end of performance period
 - Obtain a listing of current employees
 - Compare the listing to the listing of employees at the beginning of loan
 - Determine who are new employees
 - Review files for their Employee Self – Certification forms
 - Verify totals in last column of the RLF Performance Tab agrees to the Employee Self–Certification forms
 - If numbers do not agree, adjust the current periods amounts

Environmental Reviews

- ▶ Regulations for Environmental Reviews are from

Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities [24 CFR 58]

- ▶ Website for PF Handbook Chapter 4 (middle of page)

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

Environmental Reviews

- ▶ For all RLF–ED loans some type of environmental review documents must be completed

And

- ▶ Send documentation to:

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PO Box 7970, 5th Floor

Madison WI 53707–7970

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608–267–2712

Environmental Reviews

Exempt Activities (24 CFR 58.34 (A)(1) through (12))

- ▶ Activities covered by this section
 - Environmental and other studies, resource identification and the development of plans and strategies
 - Information and financial services
 - Administrative and management activities
 - Public services that will not have a physical impact or result in any physical changes
 - Inspections and testing of properties for hazards or defects;
 - Purchase of insurance

Environmental Reviews

Exempt Activities (Continued)

- Purchase of tools
- Engineering or design costs
- Technical assistance and training
- Assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration
- Payment of principal and interest on loans made or obligations guaranteed by HUD
- Any of the categorical exclusions listed in §58.35(a) provided that there are no circumstances which require compliance with any other federal laws and authorities cited in §58.5

Environmental Reviews

Exempt Activities (Continued)

- ▶ Action Needed

Submit to DEHCR the following completed forms that are signed by chief elected officer

- (1) Statement of Activities and*
- (2) Determination of Exemption*

- ▶ Will receive a Letter of Concurrence from DEHCR

Environmental Reviews

Categorically Excluded Projects Not Subject to 58.5 (24 CFR 58.35(b))

- ▶ Activities covered by this section
 - Economic development activities, including but not limited to, equipment purchase, inventory financing, interest subsidy, operating expenses and similar costs not associated with construction or expansion of existing operations
 - Operating costs including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training and recruitment and other incidental costs
 - The remaining areas of this section deal with housing rentals and associated housing costs

Environmental Reviews

Categorically Excluded Projects Not Subject to 58.5 (continued)

- ▶ Action Needed

Submit to DEHCR the following completed forms that are signed by chief elected officer

(1) Statement of Activities and

(2) Determination of Exemption

- ▶ Will receive a Letter of Concurrence from DEHCR

Environmental Reviews

Categorically Excluded Activities Subject to 58.5 (24 CFR 58.35(a))

- ▶ Activities covered by this section
 - Acquisition (including leasing) or disposition of, or equity loans on an existing structure, or acquisition (including leasing) of vacant land provided that the structure or land acquired, financed, or disposed of will be retained for the same use.
 - Special projects directed to the removal of material and architectural barriers that restrict the mobility of and accessibility to elderly and handicapped persons.

Environmental Reviews

Categorically Excluded Activities Subject to 58.5 (continued)

- Rehabilitation of buildings and improvements when the following conditions are met:
 - In the case of non-residential structures, including commercial, industrial, and public buildings:
 - The facilities and improvements are in place and will not be changed in size or capacity by more than 20 percent; and
 - The activity does not involve a change in land use, such as from non-residential to residential, commercial to industrial, or from one industrial use to another.

Environmental Reviews

Categorically Excluded Activities Subject to 58.5 (continued)

- ▶ The remaining areas of this section deal with housing rentals, associated housing costs, and public facilities
- ▶ Combinations of the above activities

Environmental Reviews

Categorically Excluded Activities Subject to 58.5 (continued)

▶ Action Needed

Submit to DEHCR the following completed forms that are signed by chief elected officer

(1) Statement of Activities;

(2) Statutory Checklist;

(3) A signed Environmental Review Record Part One;

(4) A signed Determination of Exemption – If no public notice is required.

▶ Will receive an Environmental Certification from DEHCR

Environmental Reviews

Statutory Checklist – Areas covered

- Historic Properties
- Floodplain management
- Coastal Areas Protection and Management
- Wild and Scenic Rivers
- Runway Clear Zones
- Manmade Hazards
- Noise
- Wetlands Protection
- Water Quality
- Solid Waste Disposal
- Endangered Species
- Farmland Protection
- Air Quality
- Thermal and Explosive Hazards

Environmental Reviews

Environmental Issue	Property is in Compliance if:	Compliance Status	Agency Contacted via	Agency Response Received
Historic Properties—rehab of existing buildings (Contact DEHCR Environmental Desk)	Property is less than 50 years old, or if the activity is listed on “ <i>Activities Exempt from Further Review</i> ”	<input type="checkbox"/> Compliant <input type="checkbox"/> Not applicable <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required	<input type="checkbox"/> Email <input type="checkbox"/> Letter <input type="checkbox"/> Telephone	<input type="checkbox"/> Yes <input type="checkbox"/> No

Environmental Reviews

ACTIVITIES REQUIRING AN ENVIRONMENTAL ASSESSMENT (24 CFR 58.36)

- ▶ These activities are those that establish new or significantly enlarged facilities or services
- ▶ Activities are subject to environmental assessments if they cannot be clearly defined as either exempt or categorically excluded
- ▶ Assessments may also be required under “extraordinary circumstances” when normally ‘exempt’ or ‘categorically excluded’ activities are unique or without precedent, or when they have the potential for having a significant impact on the site.

Environmental Reviews

ACTIVITIES REQUIRING AN ENVIRONMENTAL ASSESSMENT (24 CFR 58.36)

- ▶ Action Needed

Submit to DEHCR the following completed forms that are signed by chief elected officer

(1) Statement of Activities;

(2) Statutory Checklist ;

(3) A signed Environmental Review Record Parts One and Two; and

(4) A copy of the Combined Notice

- ▶ Will receive an Environmental Certification from DEHCR

Environmental Reviews

REMEMBER

An environmental assessment must cover the entire project, including related activities not funded by CDBG funds