



Solutions for Revolving Loan Fund Servicing

Welcome

The Broadcast will begin at 2:00 PM (Eastern)

Thank you

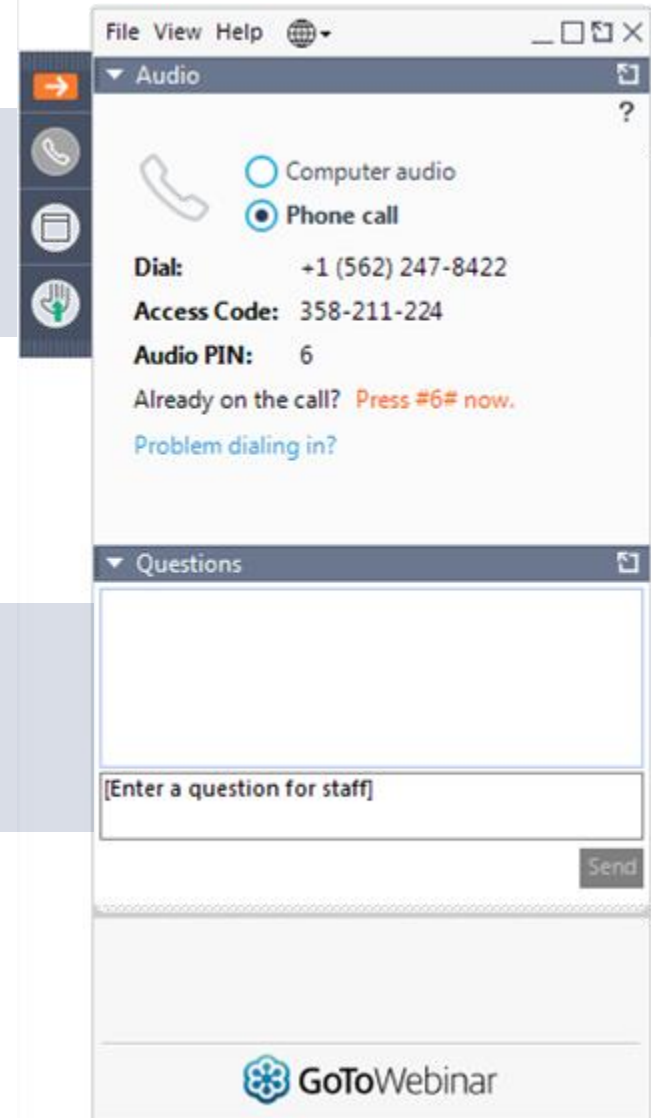
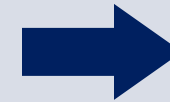
for joining the
conversation today.

Send us your
questions and
comments!

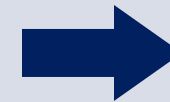


Solutions for Revolving Loan Fund Servicing

Using your telephone will give you better audio quality.



Submit your questions to the panelists here.



Thank you

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Solutions for Revolving Loan Fund Servicing

Panelists



Harry Allen, Moderator
Coordinator, Research & Technical Assistance
Council of Development Finance Agencies



Mitchell Harrison
RLF Coordinator
U.S. Economic Development Administration



Amanda Ruark
Loan Officer
Buffalo Trace Area Development District



Amir Kirkwood
First Vice President
Amalgamated Bank

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for joining the conversation today.
Send us your questions and comments!

See all of CDFFA's RLF resources online at www.cdfa.net



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CDFA EDA RLF Best Practices

Solutions for Revolving Loan Fund Servicing

October 16, 2018

EDA RLFs established for business lending

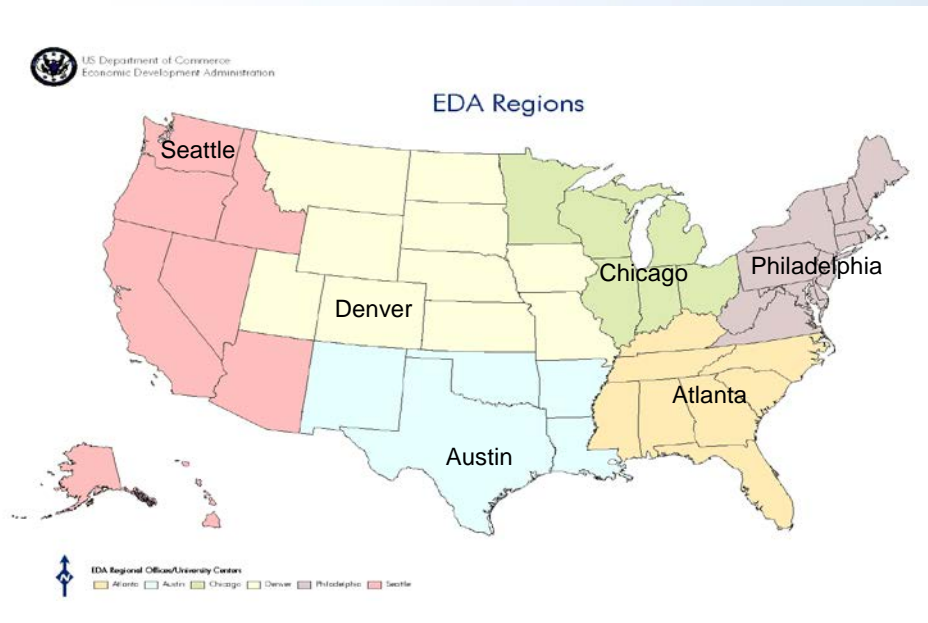
Economic Adjustment Assistance Grants to capitalize or recapitalize RLFs most commonly fund business lending, but also may fund public infrastructure or other authorized lending activities.

RLF grant application:

- Demand for public financing tool based on CEDS priorities
- Types of financing activities anticipated
- Capacity of the applicant to manage lending activities
- Ability of the applicant to create networks with other lending partners

Federal Interest remains in perpetuity

- 520 EDA RLFs nationwide
- \$538 million – EDA grant funding
- \$824 million – Combined Capital Base
- \$267 million – Balance Available for Lending



- Over 37,500 loans made
- More than 662,000 jobs created or retained
- In excess of \$16 billion non-RLF dollars leveraged

Operating an EDA RLF...

- RLF grant management – RLF Standard Terms and Conditions + Risk Analysis System
- Federal Interest remains in perpetuity – RLF reporting & independent audit
- RLF Plan – Revolving Loan Fund Strategy (Part 1) & Operational Procedures (Part 2)
 - Consistency with CEDS and RLF Award
 - Updated as economic conditions change, at least every 5 years
- Loan Committee
- Prudent Lending Practices and local lending laws
- RLF Income can subsidize administrative expenses

RLF Lending Requirements – Gap financing for economic development purposes

- Where credit is not otherwise available...for the activity to be financed
- Leverage requirement (\$2 : \$1)
- Job creation (cost/job target)
- RLF Plan establishes lending strategy, targets, and limits

Operating a Loan Program

- Marketing Program
- Loan Applications
- Loan Underwriting
- Loan Approval
- Loan Closing
- Loan Servicing
- Loan Delinquencies and Collections
- Loan and Portfolio Management
- Compliance and Reporting

LIMITED RESOURCES?

Operating a Loan Program

- Marketing Program
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Developing Partnerships

- ✓ Program staff
- ✓ Loan committee members
- ✓ Pro-bono services
- ✓ Retired, part-time employees
- ✓ Internships
- ✓ Volunteer programs
- ✓ Temporary employees
- ✓ Financial institutions
- ✓ Peer organizations
 - + economic development
 - + business assistance
- ✓ Outsourcing and contracting

Organizational structure and staff size vary by RLF Recipient



RLF Income can subsidize administrative expenses

Organizational structure and staff size vary by RLF Recipient

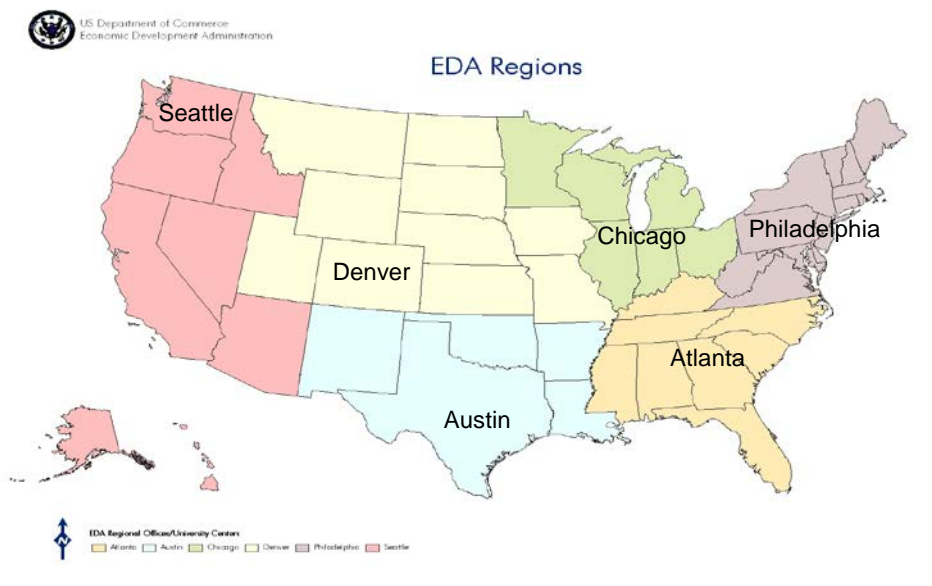


RLF Income can subsidize administrative expenses

Most RLF Recipients manage most RLF operations internally

- Some RLFs are operated by a third party
- All RLFs have a loan committee
- Each RLF works with business clients & lending partners

...years later, some RLFs are pursuing transfer or termination.



Contact your RLF Administrator to discuss operating agreements.



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Servicing Survey Responses

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Thank you for participating!

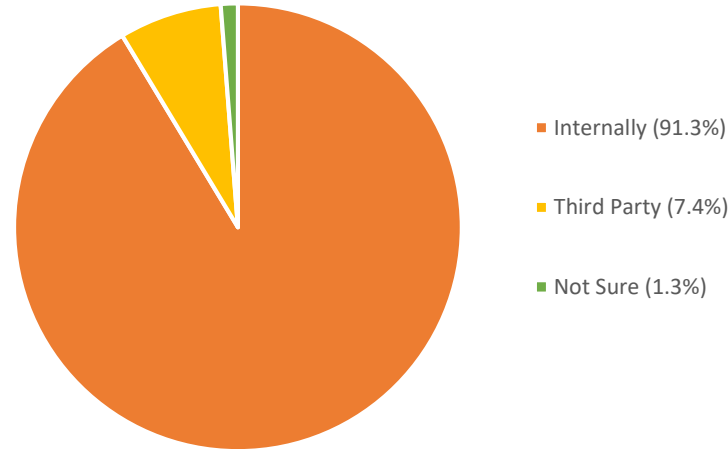


Solutions for Revolving Loan Fund Servicing

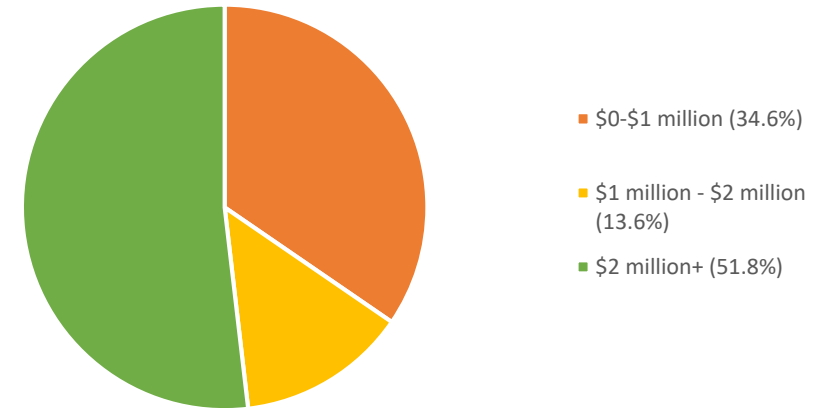
General Servicing Structure:

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How does the Organization service the RLF?



What is the size of the Organization's RLF portfolio?

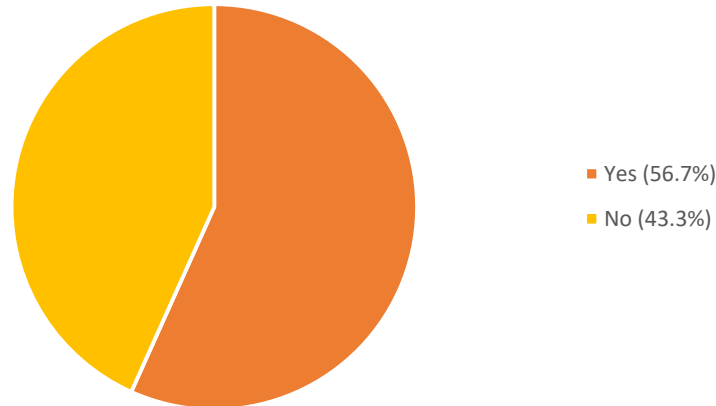




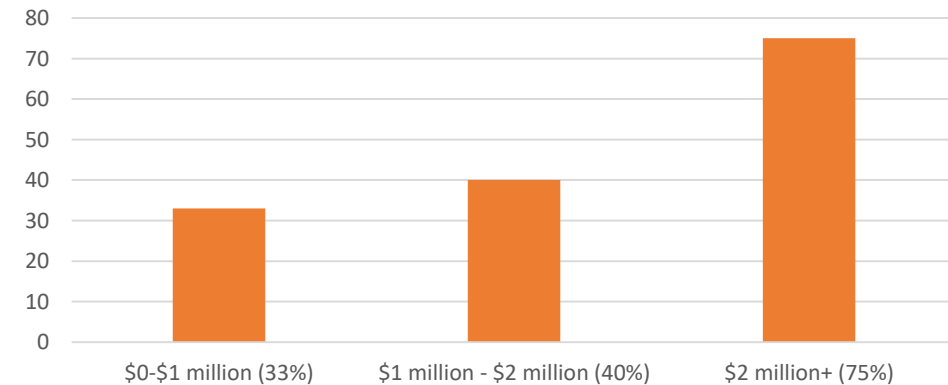
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Internal Servicing Structure:

Does the Organization have a full-time staff person dedicated to RLF servicing?



Percent of Organization's with full-time staff person dedicated to RLF servicing by size of portfolio



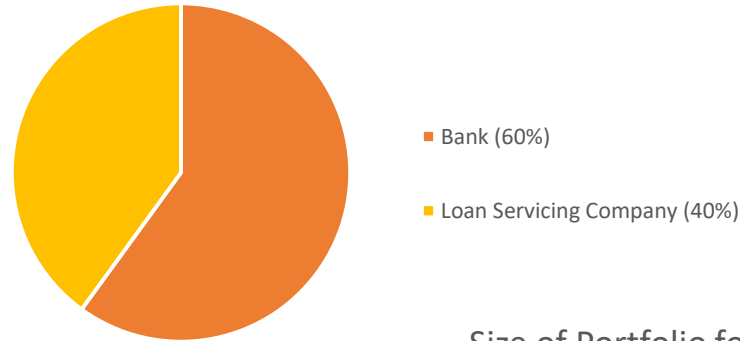
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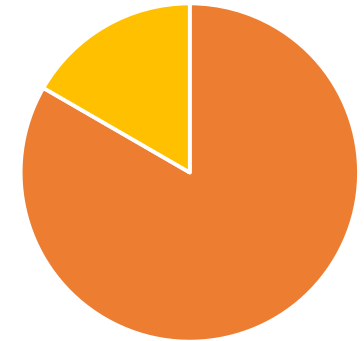
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External Servicing Structure:

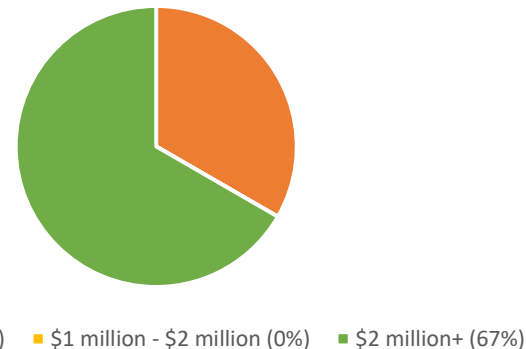
What type of organization manages the servicing of the RLF?



Does the Organization pay a fee for third party servicing of the RLF Portfolio?



Size of Portfolio for Organization's with third party servicing structure



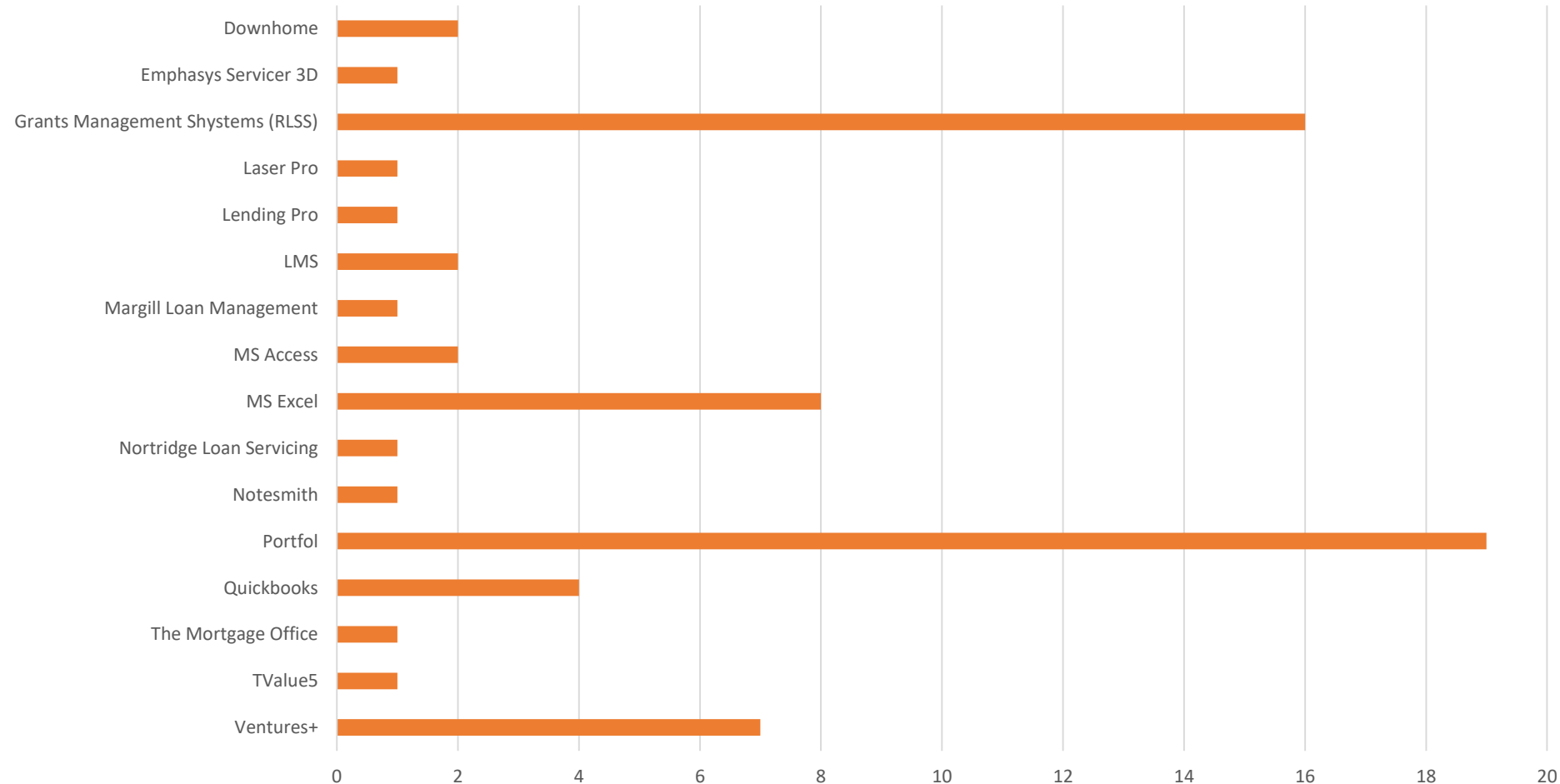
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Solutions for Revolving Loan Fund Servicing

Servicing Software:

Software types and frequency



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Solutions for Revolving Loan Fund Servicing

Servicing Software:

	Accounting Reconciliation	Contact Management	Customer Relationship Management (CRM)	Custom Reporting	Document Management	Enterprise Resource Planning (ERP)	Project Management
Downhome							
Emphasys Servicer 3D							
Grants Management Shystems (RLSS)	X	X	X	X	X		
Laser Pro	X	X			X		
Lending Pro				X			
LMS				X	X		
Margill Loan Management		X	X	X			
MS Access		X	X	X	X		
MS Excel	X	X		X	X		X
Nortridge Loan Servicing	X	X	X	X	X		
Notesmith							
Portfol	X	X	X	X	X		X
Quickbooks	X						
The Mortgage Office	X	X	X	X	X		
TValue5							
Ventures+		X	X	X	X		

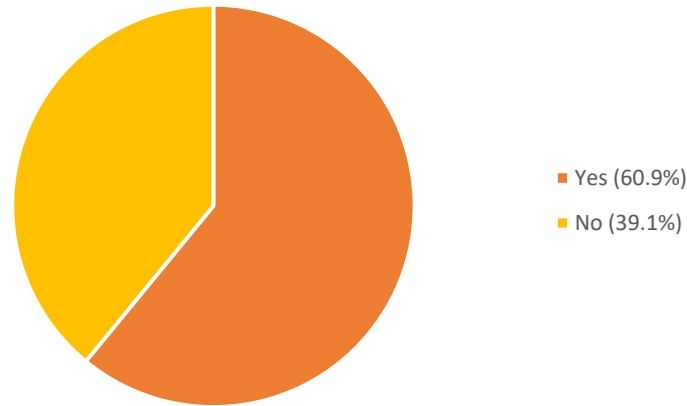
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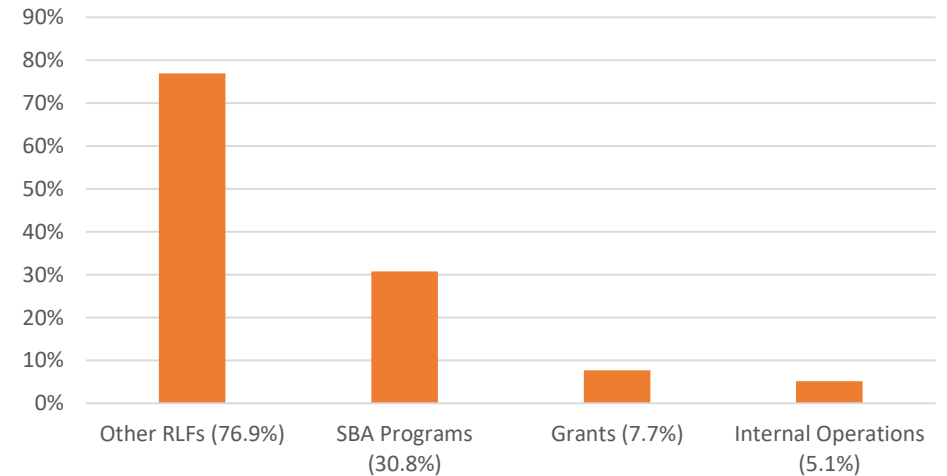
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Servicing Software:

Is the software used to manage any additional loan, grant, or incentive programs?



Types of programs managed by software



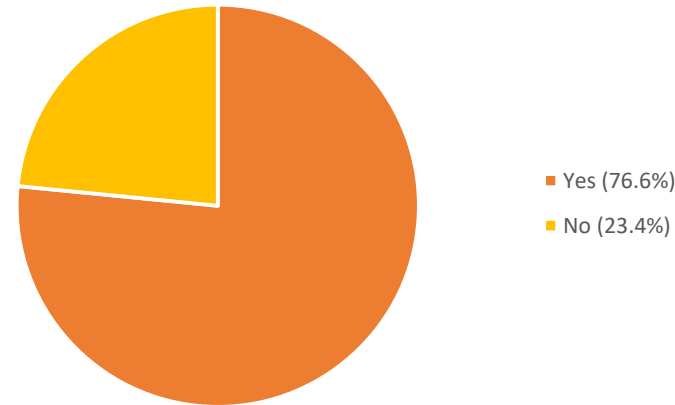
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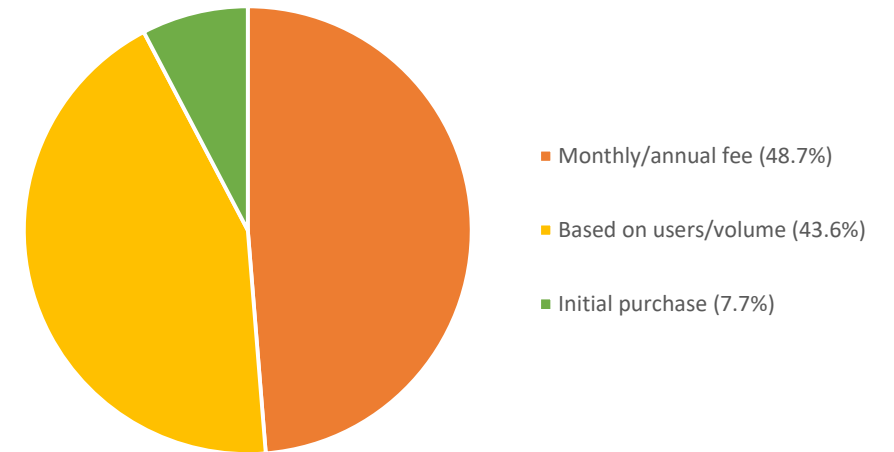
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Servicing Software:

Does the Organization pay a subscription fee for the software?



How was the fee determined?



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Buffalo Trace Area Development District

Maysville, Kentucky

Buffalo Trace Area Development District is one of 15 Area Development Districts in the Commonwealth of Kentucky.

The creation of Area Development Districts in Kentucky stemmed from the efforts of local elected officials and citizens to find collaborative means to deal with problems that befell their communities. The combination of federal programs and state enabling legislation provided a national strategy and funding mechanism that allowed the concepts to become reality in the late 1960s and 1970s.

The Area Development Districts, as they exist now, serve as forums, clearinghouses, technical centers, and as conveners for the region. Unlike many other organizations structured along multi-jurisdictional lines, the ADDs have both federal and state statutory authority.

Buffalo Trace Area Development District was created in 1969 to provide these services to Bracken, Fleming, Lewis, Mason and Robertson, counties. We are located in the downtown region of historic Maysville on the third floor of the Kenton Commonwealth Center.

Overview of BTADD Loan Programs

While BTADD is proud to have been a part of the EDA RLF Program since 1980 we also offer a variety of other loan programs.

We have a Residential Down Payment Assistance Program that consists of three different funds, each with their own guidelines and qualifications. Through these programs we have 149 active loans with a principal balance of \$924,239.20.

Another program we offer is an Agriculture Loan Program in which we have 35 active loans with a balance of \$1,103,402.47.

Lastly, our Business Program (which includes the EDA RLF) consists of five different funds with 59 active loans and a balance of \$2,312,631.42.

Overall we hold 243 active loans totaling \$4,423,667.74. These loans have leveraged \$19,625,376 and created or saved 952 local jobs.

Loan Servicing Software



In order to service our loans most efficiently we use Grants Management Systems Revolving Loan Servicing System, AKA GMS RLSS.

This software allows us to keep track of individual loans as well as various loan funds all in one place. Using this software I can do everything from post loan activity to create just about any kind of report I or my Financial Officer need.

They even offer a Supplement to help with EDA reporting. (Not used by BTADD)



- Loan Master
 - Search View
 - Loan List View
 - Loan Master

Master File Query

Loan Activity

- Loan Activity List View
- Loan Activity
- Additional Loan Costs

Amortizations

- Amortization List View
- Amortizations

Reports

- Master Files
- Monthly Activity Report
- Journal Entry
- Payment Status Report
- Aging Report
- Current Non-Current Balance
- Analysis by Fund
- Accrued Interest Analysis
- Borrower Profiles
- Portfolio Statistics

Features

- Auto Rate Change
- Conversations
- Loan Coupons
- Late Payment Notices
- Loan Catch-Up
- Loan Payoff
- Quick Date Listings
- Acknowledgment Forms
- LOC Payment Recalculation

Supplements

Activity Period(mmyy): Loan#: Borrower

Activity Date:

Activity Type:

Days Elapsed:

Activity Total:

Current Interest:

Accrued Int:

Late Fee:

Service Fee:

Escrow #1:

Escrow #2:

NSF Fee:

Other #1:

Other #2:

Principal

New Balance

New Paid - Thru Date:

Next Payment Due:

Last Activity

Last Pd-Thru Date

Last Balance

Last Acc'd Int

Regular Pmt

Notes:

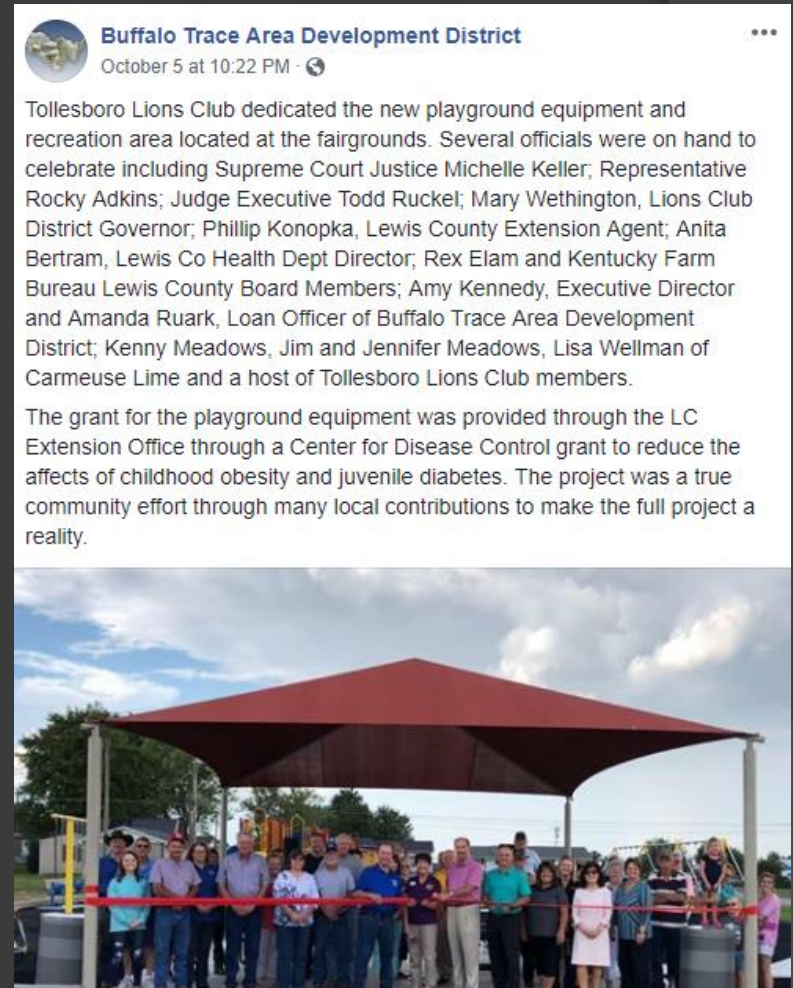
Adjustment

Loan Servicing and What Works for BTADD

Closing the loan is just the beginning.

It's been proven time and time again that servicing a loan is not always black and white and the relationships we build with our clients and other lenders can make or break the process.

How you follow up is key.



Follow Up Procedures

- ◎ **Annual Financial Reporting** is required by each loan client. Some may choose to do it more often.
 - Example: I have a Chiropractic Office that we helped finance with start-up costs. She sends me monthly financial reports and often pays extra during especially positive months. That monthly conversation helps me feel more up-to-date on the status of her business and has built a strong lender-client relationship.

Follow Up continued...

- ◎ **Site Visits** are my favorite way to stay connected with clients.
- ◎ Gives me, as the lender, a chance to see where the money has been used.
- ◎ Insight into how things are going with the business that may not be noticeable from payment frequency or financial reports.
- ◎ Very important in building a relationship with the client and showing them that you're accessible. This can help avoid issues in the future.

Example: Importance of Building Relationships

- ⦿ In 2015 we financed \$24,000 for a local bowling alley to replace their wooden bowling lanes with synthetic lanes
- ⦿ Their payment was set up to auto-draft from their checking account and they've never missed a payment
- ⦿ Early in 2017 I made a site visit. During conversation with the owner he asked me if there was any way to modify his payment schedule.
 - In the bowling alley ownership world the Summer months tend to be slow for business. He expressed that if he could go ahead and pay for May, June, and July by adding to his March and April payment it would take a huge strain away during those months.
 - Based on his payment history I would have never known that those months made it difficult to make his payment.
 - We had built enough of a relationship that he felt comfortable approaching me to ask for this slight alteration.
 - We still get paid and the business is able to carry on as usual without any additional strain.

Payments

- ⦿ Make sure that during closing the borrower understands repayment procedures and expectations.
- ⦿ Be willing to work with the borrower to achieve a payment schedule that works for everyone. Not all businesses operate the same way. Monthly payments may be ideal, but quarterly or semi-annual might work best for some clients. **Be flexible!**
- ⦿ Explain the procedures and repercussions of missed payments.

Questions ??

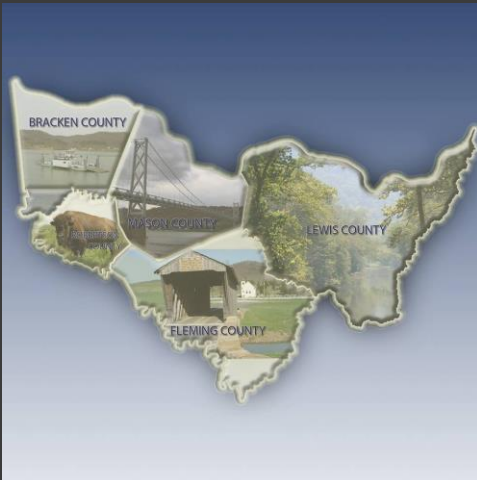
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Maysville, Kentucky

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606-564-6894





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AMALGAMATED BANK **AMERICAS SOCIALLY RESPONSIBLE BANK**

Council of Development Finance Agencies

Amalgamated Bank Overview

Revolving Loan Fund

October 16, 2018



A History of Responsible Banking

1923 – 2013

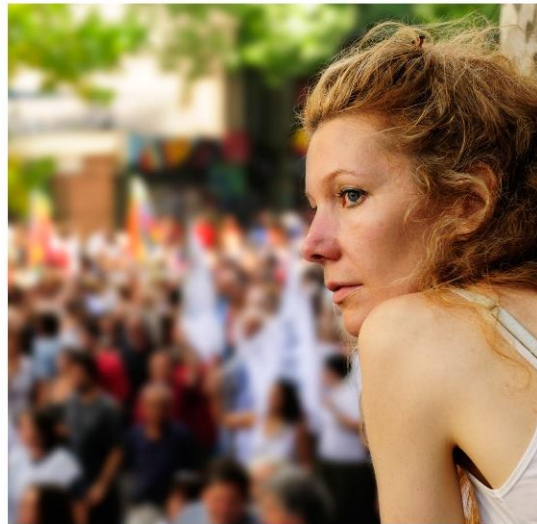
Bank of the Labor Movement



- Organized Labor
- Affordable Housing
- Large Syndications

2014 – 2017

Progressive Community



- Organized Labor
- Affordable Housing
- Middle Market C&I
- Political/Government Banking
- Nonprofits

2018 – Beyond

America's Socially Responsible Bank



Relationship Banking Focus

- Organized Labor
- Nonprofits
- Affordable Housing
- Renewable Energy
- Political/Government Banking
- Social Enterprises



Our Approach to Customers



1. **Regional** sales structure with **impact focus areas**
2. **Diversified** banker team with **extensive industry knowledge**
3. **Relationships** built on **Trusted Brand**
4. **Cross-product** sales strategy to **deepen client relationships**
5. **High-touch** service model



Cash Management Services and Solutions



CASH MANAGEMENT

- Online Banking
- Information Reporting
- Account Reconciliation
- Image Archive
- AB Connect



LIQUIDITY

- Zero Balance Accounts
- MMA Accounts
- ICS
- CDARS



PAYABLES

- Controlled Disbursement
- ACH Payments
- Commercial Bill Payments
- Wire Payments
- Credit Cards
- Fraud Protection – ACH & Checks



RECEIVABLES

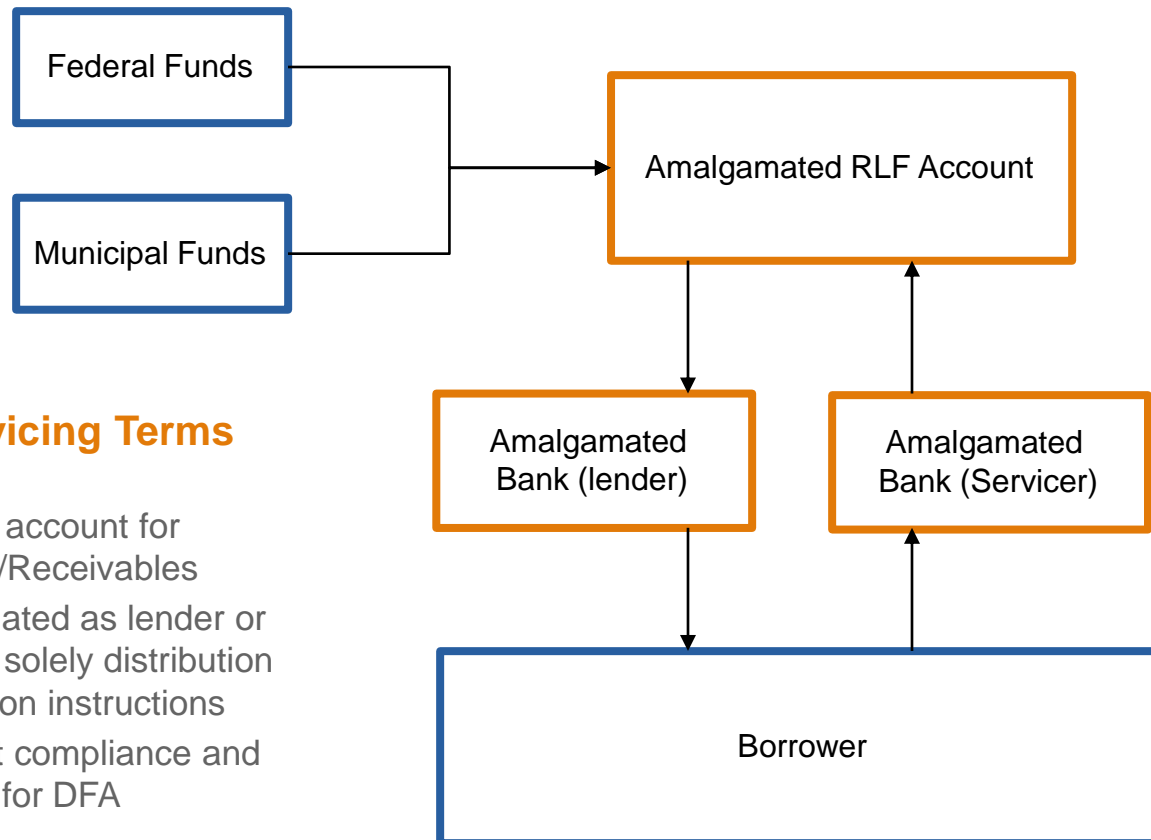
- Lockbox
- Remote Deposit Capture
- Business Mobile Deposit
- ACH Debit Origination
- Image Cash Letter
- Merchant Processing



Revolving Loan Fund Structure

LOAN SERVICING AND TREASURY MANAGEMENT

Sample Account Management Structure



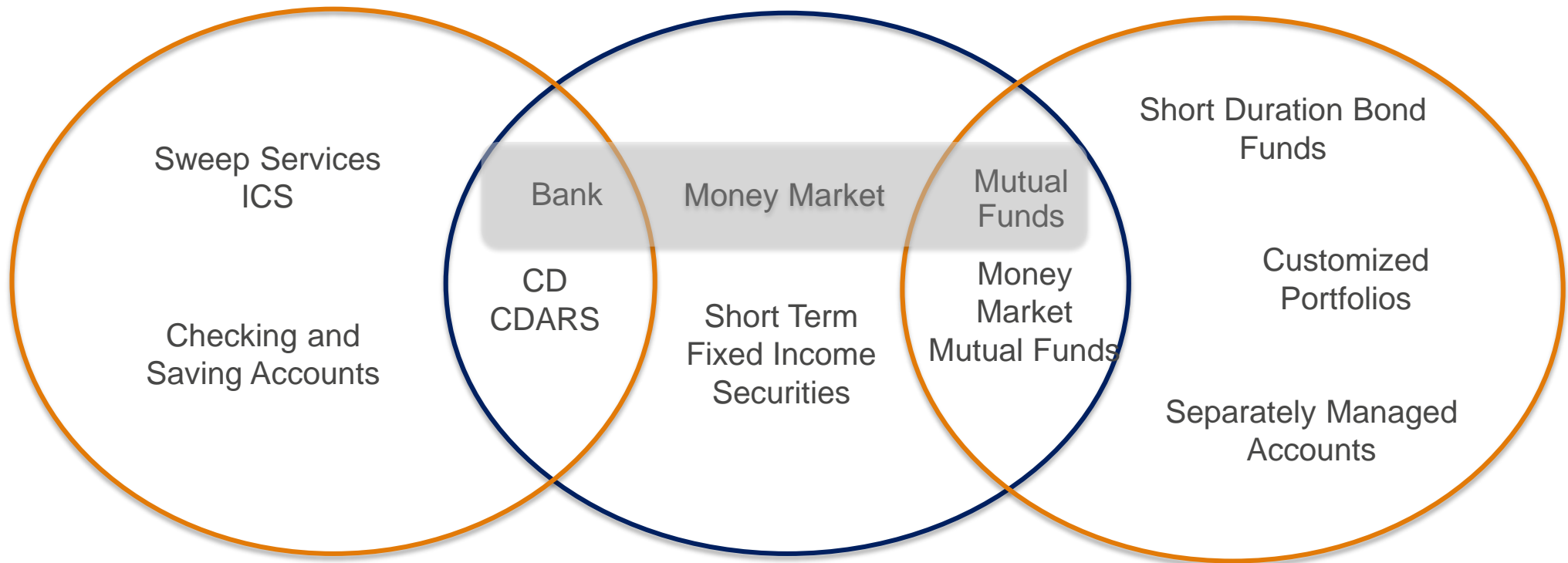
Servicing Terms

- Establish account for Payables/Receivables
- Amalgamated as lender or record or solely distribution based upon instructions
- Covenant compliance and reporting for DFA



Fund Cash Management Options

AMALGAMATED ACCOUNT STRUCTURE WOULD MAXIMIZE LIQUIDITY AND YIELD USING SHORT TERM (Up to 1yr) and LONGER TERM (1-2 yrs+) PRODUCTS



Daily Operating Cash

Cash needed to support day to day operations

- Short term in duration
- Safety primary
- Passively managed

Reserve Cash

Serves as a cushion for unforeseen events.

- Up to 1 year in duration
- Liquidity primary characteristic
- Actively or passively managed

Strategic Cash

Reserved for a particular duration or purpose.

- Up to 2+ years duration
- Yield primary characteristic
- Actively managed



Revolving Loan Fund Structural Advantages

PARTNERING WITH A BANK PROVIDES UNIQUE CASH MANAGEMENT ADVANTAGES

Utilize Amalgamated Bank Loan Servicing Infrastructure

- Institutional quality loan servicing and compliance reporting
- Consolidated treasury management platform to oversee RLF account, collateral accounts and borrower subaccounts (if necessary)
- Greater cost efficiency of wiring funds, ACH and other funds transfer costs

Optionality on Lending

- Bank capital could further leverage available funding
- Platform for sale of outstanding loans to maximize liquidity

Short and Medium Term Liquidity Management

- Separately managed and if necessary customized accounts for capital providers
- Money market and short duration bond funds to maximize yield for liquid assets which will eventually fund project level loans



Thank You





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Question and Answer

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Upcoming CDFA EDA RLF Best Practices Events

CDFA EDA Revolving Loan Fund Training

Dallas, TX

November 6-7, 2018

CDFA National Development Finance Summit

Dallas, TX

November 7-9, 2018

CDFA EDA Revolving Loan Fund Webinar Series: Developing a Loan Committee and Monitoring Their Involvement

December 11, 2018 2:00PM Eastern

Register online at www.cdfa.net

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What are Development Finance Agencies?

CDFA is proud to represent development finance agencies (DFAs) across the country. Learn how they finance the development priorities in their communities.

CDFA Upcoming Events

CDFA EDA Revolving Loan Fund Webinar Series: Exploring the Role of Revolving Loan Funds in Economic Development
January 23, 2018
2:00 PM Eastern

Fundamentals of Economic Development Finance WebCourse
January 24-25, 2018
Daily: 12:00 - 5:00 PM Eastern

CDFA // BNY Mellon Webcast Series: Transforming the Motor City: Redevelopment in the Rust Belt
Tuesday, February 13, 2018
1:00 PM Eastern

CDFA EDA Revolving Loan Fund Webinar Series: Maximizing Revolving Loan Fund Impact
February 20, 2018
2:00 PM Eastern

[⇒ View CDFA Events](#)

Right Now at CDFA



Tax Cuts & Jobs Act

Tim Fisher
Manager, Legislative & Federal Affairs

Tax reform will change the tax code for decades to come. It also preserves PABs! Here's an early look by The Bond Buyer outlining the impact of the bill on development finance. CDFA will be releasing more details in the days to come.

[⇒ Learn More](#)

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Development Finance Headlines

- Ohio's Smart Mobility Resource and Assets**
JobsOhio | Jan. 22 | [Economic Development](#)
- Sens. Cornyn, Warner Introduce PAB P3 Bill**
The Bond Buyer | Jan. 22 | [Bond Finance](#) | [Infrastructure Finance](#) | [Legislative](#) | [Public-Private Partnership \(P3\) Financing](#)
- US CoC Urging Congress to Expand PABs**
The Bond Buyer | Jan. 22 | [Bond Finance](#) | [Infrastructure Finance](#) | [Legislative](#)
- Skidmore, MO Approves \$1M Bond Issue for Water/Sewer Project**
The Maryville Forum | Jan. 22 | [Water Finance](#) | [Infrastructure Finance](#) | [Revolving Loan Funds \(RLFs\)](#) | [Bond Finance](#)
- OK Bill would Eliminate Renewable Energy Tax Credit**
Norman Transcript | Jan. 22 | [Legislative](#) | [Tax Credits](#)
- Murphy Orders Review of NJ's Tax Credit Programs**
U.S. News | Jan. 22 | [Tax Credits](#)
- RI Housing Agency Approves LIHTC Financing**
Providence Journal | Jan. 22 | [Tax Credits](#)
- DCHFA Closes \$11M Deal to Fund DC Affordable Community**
Multi-Housing News | Jan. 22 | [Bond Finance](#)
- Two BIDs Move Closer to Being Established in the Bronx**
Bronx Times | Jan. 22 | [Special Assessment Districts](#) | [Tax Increment Finance \(TIF\)](#)
- \$400M Plan Proposed to Save the Salton Sea Involved the Creation of an EFD**
NBC Los Angeles | Jan. 22 | [Brownfield Financing](#) | [Tax Increment Finance \(TIF\)](#) | [Water Finance](#) | [Infrastructure Finance](#) | [Special Assessment Districts](#)

[⇒ View All Headlines](#)

CDFA Partners



[⇒ View Partners](#)



CDFA EDA Revolving Loan Fund Best Practices Program

The EDA Revolving Loan Fund Program is a staple of the federal economic development access to capital delivery system. The program, established in 1975, is designed to provide grants to state and local governments, political subdivisions, and nonprofit organizations to operate a lending program that offers low-interest loans to businesses that cannot get traditional bank financing. Grant recipients are required to manage their RLF according to their RLF administrative plan, a document that describes the lending strategy and administrative procedures for a specific RLF project. The EDA has charged CDFA with developing an education program which will help to improve this crucial program.

CDFA has worked with the EDA to develop an innovative technical assistance approach to better supporting and improving the more than 500 EDA funded Revolving Loan Funds in the United States. The CDFA EDA RLF Best Practices Program will include a diverse set of offerings that will encourage learning, best practice collaborations, evaluations of service efficiencies and improvements, and a comprehensive resource collection and dissemination process.

Key program elements will include:

- EDA Revolving Loan Fund Training**
CDFA will present its comprehensive Intro Revolving Loan Fund Finance Course once in each of EDAs six regions. The course curriculum will be tailored to address the specific needs of EDA RLF grantees with a focus on introductory elements related to program design, marketing, management, decision making, pre- and post-loan closing processing, disclosure and monitoring, underwriting strategies, program expansion, evaluations and program risk strategies.
- EDA Revolving Loan Fund Webinar Series**
Understanding that not all RLF grantees will have the resources or ability to attend in-person training, the CDFA EDA RLF Best Practices Program will offer an exclusive online learning environment through CDFA's established webcast system. This learning module will include twelve, ninety minute, webinars focused on specific RLF program management best practices.
- EDA Revolving Loan Fund Peer-to-Peer Learning Exchange**
CDFA and EDA will match low performing loan funds with high performing loan funds over the duration of the program in order to encourage learning from best practices. CDFA staff will lead conversations and pairings with most exchanges occurring as scheduled web meetings. Peer-to-Peer learning participants are encouraged to attend the regular webinars and then hold a follow-up meeting for a peer exchange on the same topic.

- EDA Revolving Loan Fund Training
- EDA Revolving Loan Fund Webinar Series
- EDA Revolving Loan Fund Peer-to-Peer Learning Exchange
- EDA Revolving Loan Fund Resource Center

The CDFA EDA RLF Best Practices Program was prepared by the Council of Development Finance Agencies using Federal funds under award ED17HQJ3030053 from the Economic Development Administration, U.S. Department of Commerce. The statements, findings, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the views of the Economic Development Administration or the U.S. Department of Commerce.



Solutions for Revolving Loan Fund Servicing

Thank you

for joining the
conversation today.

Send us your
questions and
comments!



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