ARC Business Development Revolving Loan Fund Grant Guidelines

I. Overview

A business development revolving loan fund (RLF) is a pool of money used by an eligible grantee for the purpose of making loans to create and/or save jobs. As loans are repaid by the borrowers, the money is returned to the RLF to make other loans. In that manner, the RLF fund becomes an ongoing or "revolving" financial tool. The major difference between the Appalachian Regional Commission RLF program and conventional lending is the lending goal. For conventional lending institutions, the goal is profit. For an ARC RLF, the goal is saving and creating private-sector jobs. Revolving loan funds are not substitutes for conventional lending sources. Given the small size of the RLF program and the limited resources of each project, revolving loan funds are not intended to replace the capacity of banks, investment houses or other lending organizations. RLFs are designed to fill unmet demand in existing local financial markets and to provide or attract capital which otherwise would not be available for economic development.

As part of the grant agreement, ARC requires that RLF projects be administered in accordance with a revolving loan fund plan developed by the grant applicant and approved by the Commission. An applicant's RLF plan defines specific objectives and operating procedures, including standards and selection criteria for loans in the portfolio. ARC does not normally review or approve individual loans made by the RLF. Instead, ARC monitors RLF project activities for conformance with these guidelines, as well as the following requirements, all of which apply and are incorporated into these guidelines:

- the Appalachian Regional Development Act of 1965, as amended (ARDA);
- the ARC Code;
- the Grantee's RLF Operating plan;
- the grant agreement; and
- the Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards at 2 CFR Part 200.

II. Objectives and Strategies

One of the major problems in local business development, and a significant contributing factor to local economic distress, is credit availability. Even when credit may be available, the cost and terms of the credit may prevent firms from expanding, continuing operations, or starting up. The result may be a community's loss of jobs, tax revenues, and private investment. The primary objective of the ARC RLF program is saving and creating private-sector jobs. Projects are expected to support specific types of economic activities planned or underway in the area. These may include, depending on local needs and conditions, one or more of the following:

1. Small business development, including the start-up or expansion of locally owned businesses as measured by job creation;
2. Existing business and saving jobs;
3. Redevelopment of blighted land and vacant facilities for productive use;
4. Modernization and rehabilitation of existing industrial or manufacturing facilities;
5. Support for the use of new technologies, growth industries, high-tech firms; and/or
6. Development of businesses owned and operated by minorities, women, and members of other economically disadvantaged groups.

The effectiveness of a revolving loan fund project as a development tool will depend on its lending policies and financing techniques. These may include, but are not limited to:

1. Short turn-around time in processing applications
2. Providing below market interest rates;
3. Taking greater risks than banks are traditionally prepared to take, when economic development benefits will result if the borrower does succeed; and/or
4. Structuring repayment terms, such as deferral of initial principal or interest payments, or seasonal payments.

III. RLF Grantees

A. Eligible Applicants

1. Eligible applicants for ARC RLF grant assistance include States, Local Development Districts, and other non-profit multicounty organizations, which ARC has determined are representative of an Appalachian area. Applicants must demonstrate the legal authority and capacity to make loans. An applicant may identify an appropriate subdivision of its organization or a separate organization to which it would delegate the administration of the RLF. In such cases, ARC will make its determination based on the authority and capacity of the designated organization to make loans. Because RLF projects continue indefinitely as loans are repaid, priority consideration will be given to governmental applicants that can administer the RLF on a long-term basis. Non-government applicants must be sponsored by the local development district or the state government having jurisdiction over the project area. The sponsor must be willing to assume responsibility for operating the RLF when and if the non-government applicant is no longer able to administer the project.
2. Each RLF grantee must have the staff capacity (or access to such capacity) in program and policy development, finance, law, marketing, credit analysis, loan packaging, loan processing and servicing. Grantees must have sufficient resources to cover the administrative costs of RLF operations.
3. RLF grantees must have a strong and effective loan review committee. A significant number of the loan review committee members must have had commercial lending experience. A list of the loan review committee members is included in the grantee's Operating Plan, which requires ARC approval. Additionally, a majority must currently represent the private sector as opposed to government. No RLF loan may be made without the favorable recommendation of the loan review committee; a majority of the members must participate in any meeting where an action is taken. In the case of

state-level revolving loan funds the composition of the loan review committee may be determined by state law or regulation. The composition must be approved by ARC if different from that noted above.

4. As lending organizations RLF grantees must recognize their obligations to federal and state law including but not limited to the Equal Credit Opportunity Act (ECOA), 15 U.S.C. 1691-1691f, as implemented by Federal Reserve Board Regulation B and the Internal Revenue Code requirements for lender cancellation of debt (Form 1099C, Cancellation of Debt).

B. ARC Grant Application Requirements

As required by the ARDA, applications for grant assistance must be submitted by the Appalachian state representing the applicant. The proposed project must support the state's ARC approved strategy statement that describes the state's program for achieving the goals and objectives contained in the state development plan.

The application narrative must include:

a. A general statement of the business development strategy and need for the grant (an applicant's business development strategy and detailed discussion of need and opportunities identified for stimulating business investment and productivity);
b. A statement of goals and objectives;
c. The target areas in the local economy or the industries and businesses to be assisted. Grantees should demonstrate knowledge of the characteristics of firms within targeted economic sectors and their needs for assistance;
d. The tools to be used for helping the targeted areas and businesses (including, but not limited to interest subsidy, fixed interest rate, deferral of repayment, subordination to commercial lender);
e. A justification of the capitalization requested. In general there is a ceiling of $500,000 on the initial capitalization. The federal co-chair can approve a higher capitalized level based upon a near-term demonstration of loan fund utilization; and
f. An RLF operating plan.

C. RLF Operating Plan Requirements

1. At a minimum, the grantee's RLF operating plan must include:
    a. A general discussion, in addition to the grant justification, of how the RLF economic development effort will be conducted.
    b. A statement of an applicant's intended operating parameters specifically to include:
        1. Eligible borrower groups;
        2. The type of loan permitted, and the anticipated term of each type;
        3. The maximum single loan amount to be approved for a borrower;
        4. The proportion of the grantee RLF lending capacity that one borrower may have outstanding (unpaid) through multiple loans;
        5. The minimum borrower equity contribution (percentage) to each loan project;

        6. The maximum dollar amount that may be loaned for each job created or retained, which the grantee may calculate on a per loan or a total loan portfolio basis.
        7. The definition of a delinquent loan and the actions that a grantee plans to take to deal with a delinquency.
    c. A statement identifying the planned source of funds for financing the administrative expenditures of operating the RLF;
    d. The names of loan review committee members, and a brief statement of each member's commercial loan experience; and
    e. A statement that no ARC RLF loan will be made without the favorable recommendation of the grantee's loan review committee, pursuant to section III.A.3 (above).
2. ARC RLF grantees must adhere to ARC RLF Loan Program policies in these guidelines. Grantees must affirm that they understand and agree to operate RLFs in accordance with the ARC RLF policies contained in these guidelines. ARC relies on the affirmation of each grantee's chief executive officer, on this plan, as a basis for releasing loan funds to the grantee.
3. Grantees may request changes to their RLF operating plan that improve RLF administration and/or enhance the ability of the grantee to meet the original objectives of the RLF project. All revisions to a grantee's RLF operating plan must be approved by ARC, in advance.

IV. Borrowers and Loans

A. Eligible Borrowers

Borrowers must include substantial U.S. citizens or legal resident ownership. The borrowing entity or any of its owners cannot have a delinquent debt to the federal government, or be on a suspended or debarred list. In most cases, the borrower will be located in the Region. The borrower may be located outside the Region, but the activity financed and its benefits must be within the Region.

1. Private, for-profit firms that do business within the Appalachian Region are the primary eligible target market for RLF loans.
2. Non-profit entities, operating and/or participating in commercial enterprises that fit and advance its charitable purpose.
3. Government entities, which includes towns, cities, counties, and economic development organizations, are eligible borrowers if the following conditions are met: a) the financing is only for the acquisition of land/building or new construction, b) a specific and identifiable small business(s) will be the ultimate beneficiary and will locate in the facility financed by the loan, c) an executed lease purchase agreement exists between the local government entity and the beneficiary small business.
4. Incubation projects operated and/or managed by government entities, such as towns, cities, and political subdivisions, are eligible borrowers provided that such projects are aimed at economic growth as well as job creation or retention goals.
5. Private, for-profit developers, whose development projects create jobs within the Region. The eligibility conditions, noted in paragraph 1 above, for lending to private, for-profit firms apply equally to developers. Developers must hold binding commitments for development occupancy from private business tenants.
6. A borrower is eligible for RLF financing only when credit is not otherwise available on terms and conditions that would permit accomplishment of the borrower's project.

RLF participation in a project must not displace local commercial lenders. The grantee is responsible for determining that a borrower meets this requirement and for maintaining documentation in the loan file describing, in each case, the basis for the determination. A borrower eligibility determination must be supported by either:

   a. A loan commitment letter from the commercial lender participating in the project.
   b. A commercial lender letter declining participation.
   c. Evidence demonstrating why credit is not available on the terms and conditions that would permit accomplishment of the project, e.g., a bank rejection letter, or memorandum documenting discussion(s) with the borrower on this issue or with commercial lenders about the limits of their participation in a borrower's project.

B. Eligible Loans

For each loan, borrowers must agree to create new jobs and/or save existing jobs, within a time frame to be prescribed by the grantee. RLF grants may be used for debt financing through direct loans for:

a. Machinery, equipment, premises and other fixed asset acquisition including transportation/delivery and installation costs;
b. New construction, alteration, modification, repair and renovation of existing facilities, demolition and site preparation;
c. Land acquisition that is an integral part of a project;
d. Working capital;
e. Refinancing existing debt when the Grantee can document that the project will create or save jobs; and.
f. Acquisition of an existing business.

C. Loan Projects Not Eligible for ARC Funds

1. The following types of loans are not eligible for the use of ARC funds:
   a. Grantees may not make loans to themselves or to a subsidiary. (Subsidiaries are organizations under common control through common officers, directors, members, or employees.)
   b. Loans only for land acquisition are not permitted (see paragraph IV.B.1.c., these guidelines).
   c. Loans which assist the relocation of businesses from other labor areas are prohibited by law (see ARDA Section 224(b), 40 USC 14524(b)).
   d. Loans for the purpose of investing in high-interest investments or accounts not related to the creating or saving jobs objective of the RLF are prohibited.
   e. Loans to acquire an equity position for the RLF in a private business.
   f. Loans to subsidize interest payments on existing loans with the exception of interim construction financing (see paragraph IV.B.1.d., these guidelines).
   g. Loans that provide the mandatory equity contribution required of borrowers for other federal loan programs.
   h. Loans that refinance existing debt solely for the purpose of reducing the risk to existing lenders (please note the conditions under which refinancing is authorized in paragraph IV.B.1.e., these guidelines).
   i. Loans that establish revolving lines of credit for borrowers.

j. Loans in designated attainment counties (see Geographic Loan Restrictions, paragraph IV.D. below).

2. In accordance with ARC Code section 8.3, no official or employee of an ARC grantee or subgrantee shall participate personally through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or through other actions in any proceeding, application, request for a ruling or other determination, contract award, cooperative agreement, claim, controversy, or other particular matter in which grant funds (including program income or other funds generated by ARC-funded activities) are used; where to his knowledge, he or his immediate family, partners, organization (other than a public agency) in which he is serving as an officer, director, trustee, partner, or employee; or any person or organization with whom he is negotiating, or has any arrangement concerning prospective employment; has a financial interest or less than arms-length involvement.

   In the use of ARC grant funds, officials or employees of grantees or subgrantees shall avoid any action that might result in, or create the appearance of:
   - using official position for private gain;
   - giving preferential treatment to any person;
   - losing complete independence or impartiality;
   - making an official decision outside official channels; or
   - affecting adversely the confidence of the public in the integrity of the government or the program.

3. In addition, an Interested Party shall not receive any direct or indirect financial or personal benefits in connection with any ARC RLF grant or loan; and shall not lend funds to an Interested Party. Interested Party means any officer, employee or member of the board of directors or other governing board of the award recipient, including any other parties that advise, approve, recommend or otherwise participate in the business decisions of the recipient, such as agents, advisors, consultants, attorneys, accountants or shareholders. An Interested Party also includes the Interested Party's family and other persons directly connected to the Interested Party by law or through a business arrangement.

4. Former members of the board or governing body, former officials, employees, or members of the staff, and former members of the loan review committee are barred from receiving ARC RLF loan assistance for one year from the date of termination of their service. Loan activities that directly or indirectly benefit these individuals or people related to them by blood, marriage, law or business arrangement are prohibited for a period of one year from the date of termination of service of such related person.

5. All borrower loan activities and economic benefits resulting from loan activities must be located within the Appalachian Region. ARC RLF loan assistance must be withdrawn if for any reason the activity financed or the economic benefit is moved from the Appalachian Region.

D. Grant Match and Geographic Loan Restrictions

A match is required. A grantee shall generally match its ARC RLF grant funds at a rate of at least 50%. The actual required match is determined by statute and ARC regulation, and is dependent on the economic designation of the counties in which the grantee's revolving loan program operates. ARDA section 226 (40 USC 14526) and ARC Code section 7.3(f) and ARC staff should be consulted to determine the required match rate. This match may be from one of the following sources: 1) a loan-by-loan basis matched with other project financing sources or 2) on an entire loan portfolio basis with the cumulative amount of other project financing sources for all projects, Loans using ARC RLF sources may not be made in ARC designated attainment counties. These restrictions apply to all ARC funding approved after November 13, 1998.

County designations are made annually by the Commission for the succeeding fiscal year. Check with ARC for current county designations.

V. ARC RLF Lending Policies

A. General

1. The responsibility for approving loans and setting terms and conditions consistent with these guidelines resides fully with the Grantee. (When a grantee has not had at least 12 months experience lending under any RLF, the grantee must submit proposed loan documentation to ARC for review and comment prior to undertaking any loan commitments. These grantees shall submit all loan documentation (i.e., the RLF Form, application, financial statements, draft loan commitment letters, draft loan documents etc.) for pending loans to ARC for review for a period of one year.)
2. Grantees may make loans to eligible borrowers at interest rates and under conditions determined by the grantee to be most appropriate in achieving the goals of the RLF. The minimum positive interest rate an ARC RLF Grantee can charge is four percentage points below the current U.S. Treasury rate for issues of similar size and maturity, or the maximum interest rate allowed under state law, whichever is lower. The U.S. Treasury rate is found as a graph titled "Treasury Yield Curve," which runs daily in the Wall Street Journal's "Money and Investing" section. The minimum interest rate may be waived by the Federal Co-Chairman if circumstances warrant.
3. Financing should be designed to assist firms with special credit problems, and therefore may involve greater risks and more lenient terms than commercial lenders may provide. To encourage the participation of commercial lenders in a loan project, the RLF loan may be for a longer period than that of other project lenders.
4. All ARC RLF borrowers must comply with the requirements of applicable federal, state and local laws, including those listed in Appendix C to these guidelines.
5. A formal written loan application is required for each potential borrower. As a minimum the application should include:
    a. General information identifying the borrower, management and business history, the project description, a schedule of proposed financing, number of employees, and proposed job impact of the project.
    b. The applicant's certification that it will comply with legal requirements described in Appendix C to these guidelines.
6. Grantees must offer loan assistance by formal commitment letter which shall include a clear identification of the collateral and other loan terms offered, the conditions of the loan and other loan documentation required. A borrower must sign an acceptance of the loan commitment offered.
7. A loan agreement is required. The loan agreement must include language that permits the immediate recovery of the loan principal, or an increase in interest rate to commercial levels, if (1) a loan is not used for the purpose represented in the loan

application, or if (2) it becomes apparent that the number of jobs created or jobs saved in the project will not meet the Grantee's RLF Operating Plan criteria.

B. Collateral

When determining collateral requirements, the grantee must consider the merits and potential economic benefits of each request. When appropriate and practical, RLF financing may be secured by liens or assignments of rights in assets as follows:

1. When the purpose of a loan is for working capital, a Grantee will normally obtain collateral such as liens on inventories, accounts receivable, fixed assets and/or other available assets of the borrower. Such liens shall be properly recorded as prescribed by applicable state and local Uniform Commercial Code laws. The lien position of the RLF may be subordinate and made inferior to lien(s) securing other loans made in this project. Ordinarily, ARC RLF funds will not be used to take a subordinate lien position to other federal, state, or local loan programs participating in a project. ARC may approve individual exceptions.
2. In addition to these types of security, grantees may also require security in the form of the assignment of patents and licenses, the acquisition of hazard, liability and other forms of insurance including flood insurance as appropriate, performance bonds and such other additional security as a grantee determines is necessary to mitigate the RLF's exposure. The RLF must be shown as a lender loss payee by endorsement on insurance.
3. RLF loans to closely held corporations, partnerships, or proprietorships dependent for their continuing success on certain individuals ordinarily will be required to provide, and assign to the RLF, life insurance on these key persons.
4. Personal guarantees from a borrower's principal owners (partnerships and proprietorships) and their spouses, to the extent permitted by law (see the Equal Credit Opportunity Act), making them jointly and severally liable for the loan, should be required. In case of a corporate borrower, in addition to the pledging of corporate assets, members of the Board of Directors holding 20 percent or more of the corporation's outstanding common stock or 20 percent or more of the corporation's voting stock and their spouses (if jointly held), should guarantee loans.
5. Should a grantee determine that it is necessary or desirable to take actions to protect or further the interests of the RLF, the grantee should act to sell, collect, liquidate or otherwise recover on loans or guarantees extended by the RLF in accordance with the legal rights of the grantee, other lenders and the RLF borrower.
6. A Grantee may modify the terms under which RLF financing has been extended to enhance the ability of the RLF to achieve program objectives.

VI. RLF Administration

A. Grant Funds

1. RLF grant principal may be used only to fund loans. It is the grantee's responsibility to provide for the administrative costs of staffing and operating the RLF. These costs may not be charged against grant principal unless specifically authorized in the grant.
2. All repayments of RLF grant principal must be returned to the RLF for subsequent lending. Proceeds from the sale, collection or liquidation of loan collateral must also

be returned to the RLF for lending. The reasonable costs of collection or action to recover a loan are treated as administrative expenses. ARC approval is required to use prior year program income (see below, VI.B) or grant funds for collection purposes. Any proceeds from the sales of collateral assets above the original unpaid amount of the loan are treated as program income.

3. Selling ARC RLF loans on a secondary market is not permitted.

B. Program Income

1. Program income is the income received by the grantee earned as a result of lending authorized by the grant agreement. All grant related program income shall be reported to ARC in the manner prescribed by Appendix B to these guidelines. Program income typically includes but is not limited to the following, however described by the grantee.
    a. Loan interest.
    b. Fees for processing loan applications.
    c. Loan closing fees.
    d. Periodic fees for servicing loans.
    e. Penalties and interest caused by the borrower's late payment.
    f. Proceeds from the sale of collateral in excess of the unpaid balance of the original loan.
    g. Interest earned on loan repayment balances while awaiting relending.

2. Program income will be added to the loan fund to expand RLF lending or used to cover reasonable and necessary administrative costs of the RLF. Program income realized in a business year may be used to offset RLF administrative costs incurred only in that same year. Any RLF income remaining unexpended at the end of each business year is added to the RLF capital base. RLF income added to the RLF capital base may not be withdrawn, other than for lending purposes, without prior written consent of the Commission.
3. Grantees must keep complete records (e.g., time cards, logs, invoices, vouchers) to document those administrative costs. Administrative costs include direct costs that are specifically identifiable to an RLF cost and indirect costs which are incurred for common objectives.

C. Funds Management

1. Grantees may request advance payments only at the time and in the amount immediately needed to close loans.
    a. The amount of each advance payment that ARC releases will be based upon a grantee's request and a grantee's unloaned cash position as reported in the last annual financial report.
    b. All grant payments (drawdown) made by ARC to grantees are advance payments and are made on the basis of a Grantee invoice (letter or email request) accompanied by the report of the grantee's intent to close a loan on The RLF Form and supporting documents (see Appendix A, these guidelines). All payments are made by

automated clearing house (ACH) procedures. Grantees are provided with an ACH enrollment form with their initial grant contract.

   c. Grant advances should not be requested earlier than 30 days prior to the anticipated loan closing date. Should the forecast loan closing date be delayed by more than 60 days beyond the forecasted date, advance payments must be returned to ARC. ARC will make a second advanced payment for such loan, based upon a telephonic or fax request, referencing the documentation used to release the original payment.

2. Grantees must place funds advanced from ARC or returned to the RLF from lending activities in interest earning accounts pending the closing of new loans. Interest earning accounts may be federally insured deposits or short-term certificates of deposit that are covered by deposit insurance (see paragraph VI.D. below for excess cash policy).
3. Interest earned by a grantee, on funds initially advanced by ARC for loans, must be returned to ARC for deposit to the U.S. Treasury. Small amounts may be retained by the Grantee to offset processing costs. (Refer to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200). Once grant funds have been applied to a loan and repaid by the borrower, the additional interest earned on such funds is considered program income and may be used in accordance with sub-section VI.B.2. above.

D. Excess Unloaned Funds

If RLF grantees are not using ARC grant funds for lending activities, grants may be revoked and grant funds recovered, as follows:

1. If an RLF grantee does not require an initial advance payment from an RLF grant (either capitalization or recapitalization) within 18 months of the approval of such grant, ARC may revoke its approval of such RLF grant at the request of the state.
2. If an RLF grantee does not require the full amount of a previously approved RLF grant (either capitalization or recapitalization) within 36 months of grant approval the unused grant balance may be recovered by ARC, at the request of the state.
3. An RLF grantee holding unloaned RLF cash in excess of 25 percent of the outstanding loan principal or in excess of $350,000, as reported by the grantee in its annual financial report is deemed to be holding excess unloaned cash. This excess cash must be returned to ARC after notification of the excess cash status by ARC. ARC may waive the return of excess cash in the amount of loans that are anticipated to be closed within 90 days after the annual financial report cutoff date.
4. Grant principal returned to ARC will be credited to the grantee's RLF grant and will remain available for reuse by the grantee returning funds for eighteen months. If the grantee has not reused such funds within this period the funds will be de-obligated with the concurrence of the state.
5. Nothing in this section shall, in itself, cause a grantee to be automatically ineligible for additional RLF grant recapitalizations.

E. Reporting

Each grantee must, annually, submit to ARC financial progress reports of the loan activity underway. Appendix B of these guidelines prescribes the format, content and cutoff date of the required financial reports. These reports are due in ARC's offices one month after the established cut off date for each grantee.

Grantees must report each loan closed on "The RLF Form" (see Attachment A-1, Appendix A, these guidelines)

1. Reports may be submitted at any time after a loan commitment has been made.
2. Reports must be submitted to support requests for RLF grant payments.
3. "The RLF Form" must be submitted by the grantee as loans are approved to support any loan shown as closed on the List of Loans Outstanding (Schedule B-2).

F. Financial Audits

1. A grantee that expends $750,000 or more in its fiscal year in federal grant awards, including the RLF contribution shall have a single or program-specific audit conducted for that year as required CFR Part 200, Subpart F. Grantees should notify auditors that the Catalog of Federal Domestic Assistance number for ARC RLF's is 23.011, Appalachian State Research, Technical Assistance and Demonstration Projects.
2. The following guidelines must be used to calculate the value of the federal awards expended under loan programs:
    (a) Value of new loans made or received during the audit period; plus
    (b) Beginning of the audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements; plus
    (c) Any interest subsidy, cash, or administrative cost allowance received. 2 CFR 200.502(b).
3. Grantees that expend less than $750,000 a fiscal year in federal awards, including the RLF contribution, are exempt from audit for that year. Records must be available for review or audit by appropriate officials of ARC. No RLF program income or grant funds will be expended for audit in these cases.
4. Audits must be performed by a public accountant or a federal, state or local government audit organization which meets the general standards specified in Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (known as the Yellow Book). Audits must conform to these standards. Auditors are required to follow the provisions of 2 CFR Part 200, subpart F, and the Compliance Supplement at appendix XI to 2 CFR Part 200.
5. Grantees are responsible for establishing and maintaining internal controls over the federal award that provide reasonable assurance that they are managing the RLF in compliance with laws, regulations, and the provisions of applicable grant agreements. 2 CFR 200.303.
6. Grantees must maintain financial management systems and retain financial records in accordance with standards prescribed in 2 CFR Part 200, in particular 2 CFR 200.302. Grantee records and accounting systems must include an accurate accounting for any principal repayments, loan interest, loan fees, or other income generated by the RLF and must document how these funds are used. Administrative

expenses paid from program income generated by the RLF must be documented for grant audits.

7. RLFs shall operate in accordance with generally accepted accounting principles (GAAP) as in effect in the United States and the provisions outlined in the audit requirements set out as subpart F to 2 CFR Part 200 and the Compliance Supplement.
8. All recipients and subrecipients of ARC funds must cooperate with the ARC Office of Inspector General, who has the statutory authority to audit ARC programs and operations, and to investigate allegations of waste, fraud, and abuse.

G. Project Monitoring

1. ARC monitors RLF grant performance through annual financial reports and loan reports ("The RLF Form") submitted by the grantee, audit findings, grantee site visits and other necessary contact with the grantee.
2. Grantees are responsible for operating ARC funded RLF's in accordance with the terms of the ARC Code, ARC RLF Guidelines, the grant agreement and the grantee's RLF operating plan. RLF grants are held by the grantee as trustee for the benefit of borrowers and potential borrowers. Grantees may be required to repay ARC the amount of ARC RLF funds used in violation of the code, these guidelines, the grant agreement or the grantee's operating plan.
3. A grantee's failure to comply with these guidelines or the terms of the grant, including reporting requirements, may be cause for terminating the grant. When grants are terminated for cause, ARC has the right to recover grant funds and/or the assets of the RLF project, in accordance with the legal rights of the grantee and the Commission.
4. When an RLF grantee is no longer able or willing to carry out its responsibilities for administering the RLF, those responsibilities may be transferred, with ARC approval, to another eligible entity with jurisdiction over the project area. Such action will be taken only if the need for the fund still exists and the original purpose and benefits of the project can still be achieved. If not, the grant will be terminated and all grant funds will be returned to ARC.

H. Records Retention

RLF Recipients shall maintain closed loan files and all related documents, books of account, computer data files and other records over the term of the closed loan and for a three-year period from the date of final disposition of such closed loan. The date of final disposition of a closed loan is the date: principal, interest, fees, penalties and all other costs associated with the closed loan have been paid in full; or final settlement or discharge and cessation of collection efforts of any unpaid amounts associated with the Closed Loan have occurred.

RLF Recipients must at all times:

- Maintain adequate accounting records and source documentation to substantiate the amount and percent of RLF Income expended for eligible RLF administrative costs;

- Retain records of administrative expenses incurred for activities and equipment relating to the operation of the RLF for three years from the actual submission date of the report that covers the fiscal year in which such costs were claimed; and
- For the duration of RLF operations, maintain records to demonstrate the adequacy of the RLF's accounting system to identify, safeguard and account for the entire RLF Capital Base, outstanding loans and other RLF operations.

RLF Recipients must ensure that standard RLF loan documents reasonably necessary or advisable for lending are in place; and evidence of fidelity bond coverage for persons authorized to handle funds under the grant award in an amount sufficient to protect the interests of ARC and the RLF.

RLF Recipients must also make available for inspection retained records, including those retained for longer than the required period. The record retention periods described in this section are minimum periods and such prescription does not limit any other record retention requirement of law or agreement.

I. Noncompliance

ARC will take appropriate compliance actions for an RLF recipients failure to operate the RLF in accordance with the RLF Operating Plan, the terms and conditions of the RLF grant, or ARC policies and guidelines, including failure to obtain ARC approval to material changes in the operating plan; failing to submit timely reports as required by these guidelines; failing to manage the RLF grant prudently; making an ineligible loan; failing to comply with audit requirements or implement timely resolutions to audit findings; or having a conflict of interest.

If noncompliance is found, ARC may require increased reporting; implementation of a corrective action plan; an audit; repayment of ineligible loans or costs to the RLF; transfer or merger of the RLF; suspension of the RLF grant; or termination of the RLF grant, in whole or in part.

In certain circumstances, ARC may disallow a proportion of the grant or direct the RLF recipient to transfer loans to an RLF third party for liquidation.

ARC shall determine the manner and timing of any suspension or termination action. ARC may require the RLF recipient to repay the federal share in a lump-sum payment or enter into a sale, or ARC may agree to enter into a repayment agreement with the RLF recipient for repayment of the federal share.

Business Development RLF Grants Guidelines:

Appendix A

Reporting Loans Dispursed/Requesting a Release of Grant Funds

The RLF Form must be used to report to the Appalachian Regional Commission (ARC) each loan closed.

1. Reports may be made at any time after a loan commitment has been made.
2. Reports are made and submitted after a loan commitment has been made.
3. Reports must be made to support requests for RLF grant payments.

All grant payments (drawdowns) are made on the basis of a grantee invoice. Grantees submit invoices in the form of a letter or email requesting a payment to fund a loan. Each invoice must be accompanied by a report of the Grantee's intent to close an ARC funded loan using The RLF Form and required attachments (see paragraph VI.C.1., these guidelines).

Preparing the RLF Form

The following guidance is for preparing The RLF Form.

1. **Borrower's Name:** Enter the name of the actual (entity legally responsible to repay) borrower, whether it is corporate, partnership or an individual.

2. **Borrower Business Mailing Address:** Enter the address at which the borrower receives mail, including zip code, as opposed to the street location although they could be the same.

3. **Location of Business:** This entry should be the street address, city, highway intersection location and county.

4. **Type of Business:** Enter the narrative title of the Standard Industrial Classification (SIC) for the type of activity borrowing funds.

5. **Describe the Project for which the Loan is to be used:** Enter a description of the borrower's project.

6. **Funds will be used for:** In this section, project funds are earmarked for various authorized purposes that make up the project (see paragraph IV.B., these guidelines).

    a. Project funds for use as Working Capital includes uses for inventory, cash flow requirements, small items of office equipment not normally capitalized, separate loans for interest obligation on interim construction loans, separate loans for reasonable fees of loan packaging, environmental data collection, consultants and fees of licensed professionals.

b. An "Other" section is provided for any eligible purpose not included in the specific purposes shown on The RLF Form. Enter the specific purpose. Loans to refinance existing debt will be in this section (see sub-paragraph IV.B.1.e., these guidelines).

7. **Number of Jobs Created and/or Saved:** Enter the jobs created (C) and/or saved (S), in the space provided. The jobs entered are those on which the loan is based, as reflected in the Loan Use Agreement or comparable document. Private developers must possess binding commitments from for profit businesses to occupy buildings. The company name and jobs to be created or saved by each business tenant should be shown.

8. **Number of Months, from loan closing, in which jobs will be created:** Enter the number of months the borrower has to create jobs. This is negotiated with the borrower (normally from 12 to 48 months) and reflected in the Loan Use Agreement or comparable document. Jobs saved are considered to be over the term of the loan. Enter the number of months in which a private developer's tenant business will have to create or save jobs.

9. **Terms of the ARC Loan:** Space is provided to record conditions placed on a borrower's use of loan funds. Interest rate, length of loan and terms must be consistent with these guidelines and the Grantee's RLF Operating Plan.

10. **Source of Funds:** Identify funding sources participating in the project. The specific detail shown on The RLF Form illustrates the detail to be reported. Not all projects will have the large number of funding participants identified. Each lender must be shown. The Additional Sources section is provided for specifically identifying sources of project funds other than those specified. Identify the specific loan program.

11. **Type of Collateral/Security provided:**

    a. Enter the mortgage position and identify the property secured. Repeat for each piece of property secured.

    b. A chattel mortgage/lien applies to movable property. Enter the secured position and identify the equipment, machinery or other property pledged. Repeat for each class of property secured.

    c. Personal guarantees apply to the borrower and spouse to the extent that the law will allow (see paragraph V.B.5., these guidelines).

    d. Name the Borrower's key personnel on which life insurance is required (see paragraph V.B.4., these guidelines).

    e. The "Other" section is provided for additional collateral and/or security items, such as hazard and/or flood insurance, subordination agreements, intercreditor agreements etc.

12. **This Loan satisfies the (name grantee) ___________________________RLF Operating Plan:** This section is to be used to confirm that the project that is the subject of this form conforms with the borrower's RLF Operating Plan, its goals and objectives and targeting requirements. Use the space provided to explain exceptions that the Grantee is empowered to make from their RLF Operating Plan.

13. **Documents that are or will be obtained from the borrower are/will be in file:** This statement gives emphasis to the fact that ARC expects each grantee to maintain loan files on each loan. As a minimum the documents identified in this section must be in that file.

    a. The "Other relevant information..." section is to be used for identifying documents such as subordination agreements, intercreditor agreements etc. that will be in file.

    b. The "Collateral/Security documents" section. Use the "Other" line for flood insurance evidence if appropriate.

    c. The "credit report or credit verification" section may include as an alternative to the standard Dun and Bradstreet credit report a written statement from a grantee attesting to the credit worthiness of the borrower as discovered by the grantee.

    d. The "Written evidence that commercial lending for the borrower was not otherwise available..." normally consists of a commercial lending institution commitment letter. Grantees may document this requirement by other means subject to ARC review (see paragraph IV.A.3., these guidelines).

    e. Copies of Loan Review Committee minutes or certified resolution recommending the loan must be in the loan files.

    f. Copies of the Board of Directors or Executive Committee minutes or certified resolution approving the loan must be in the loan files. Should the Grantee's state ARC office approve RLF loans before loan closing, place a copy of their approval in the loan file. The N/A block is used to reflect the applicability of either State ARC Office approval and/or Board of Directors approval.

14. **Conflict of interest certification:** This certification provides ARC assurance that the loan decisions documented on The RLF Form were made solely on the merits of the project and not on the basis of relationships (employment, blood, marriage, or legal). The certification also attests to the belief that the information contained in The RLF Form is correct and complete.

15. **Required Attachments to The RLF Form:** Attach copies of Loan Review Committee minutes or certified resolution, copies of Board or State approval as appropriate as evidence that this loan was authorized.

Business Development RLF Grants Guidelines:

Appendix B

Grantees must provide the Appalachian Regional Commission (ARC) an annual financial report in the format prescribed by this appendix. The Annual Financial Report required of ARC RLF Grantees consists of Schedules B-1, B-2 and B-3 attached to this appendix. The Annual Financial Report should reach ARC not later than one month after the established cutoff date. See Table B-1 for ARC RLF grantee annual financial report cut off dates. Grantees are to advise ARC if a annual report cannot be submitted within this time frame.

Schedule B-1 is the Grantee's Statement of Funds Available from the Inception of the Fund. This schedule provides a cumulative to (cutoff) date picture of RLF activity on a cash basis only and is required by ARC to evaluate a grantee's use of funds previously advanced. Loan commitments not disbursed as of the cutoff date are included in the schedule to assist in the evaluation of a grantee's cash holding (see paragraph VI.D., these guidelines). A loan summary section is included to reconcile with the total Unpaid Principal Balance column of Schedule B-2, and to identify principal balances written off and other specific adjustments made by grantees. The grantee's RLF Manager certifies the annual report on the bottom of this schedule.

Schedule B-2 is a listing of all loans having an outstanding principal balance at any time during the reporting period. This schedule provides ARC with a status, as each loan progresses through its term. The schedule requires the identification of delinquent loan status. ARC uses the reported information to obtain current jobs created and jobs saved numbers. ARC evaluates the borrower's job performance against a grantee's operating plan jobs requirement.

Schedule B-3 requires a statement from the grantee on each delinquent loan outlining the actions underway to resolve the situation and/or preserve ARC's financial interests.

Should a grantee's internal accounting system generate local management reports that contain the information required in Schedules B-1 and/or B-2, ARC will accept these alternate reports.

Preparing Schedule B-1

Entries in the Receipts, Disbursements and Set Aside and most in the Loan Summary sections are cumulative dollars from the fund's inception. The RLF activity for the current reporting period is added to the preceding report totals to arrive at the new number. ARC will calculate the current reporting period data, if needed.

1. **Thru:** Enter the appropriate cutoff date, as

   Receipts

2. **Funds Received from ARC:** The amount on this line should represent only the cumulative amount of grant funds received by the grantee as a result of advance

payments made to close loans. Some older ARC RLF grants had administrative expense components to them. The administrative expense portion of RLF grants should not be included in this number.

3. **Loan Balance Transferred from PCLF/SBDC MD:** This line is used only by grantees in Pennsylvania and the one in Maryland. The amounts on this line represent the outstanding PCLF loan balance transferred to these grantees by the Pennsylvania Department of Commerce and from a Maryland SBDC. Affected grantees have been reporting this number to ARC since the transfers.

4. **Loan Principal Repayments:** This line represents borrower repayments of the principal amount of a loan. Deferred interest, fees, penalty interest etc. are not included as loan principal. Restructured loans created to rephase payments, lengthen the term, etc. have the original unpaid principal as a core. Payments on this line should only identify that portion of a borrower payment that is assigned by a grantee to reduce the original loan principal.

5. **Interest on Loans:** Use this line for the portion of a borrower's payment that is designated by the grantee as interest on a cash basis only. Penalty interest is reported on the line for late payment fees/interest.

6. **Loan Fees:** Fees derived from charges levied on the borrower for specific services such as processing a loan application, servicing a loan, loan closing, etc. are included on this line on a cash basis only. This includes repayment additives identified as premiums (points).

7. **Investment Interest:** This line is for interest earned on a grantee's unloaned fund balances on a cash basis only. Unloaned funds must be placed in interest earning accounts pending new loans

8. **Late Payment Fees/Interest:** Use this line for late payment charges collected from the borrower on a cash basis only. These may be an interest penalty or a flat fee for late/delinquent loan payments.

9. **Other:** Grantees must explain the income source for this line. Use of this line should be rare given the detail provided in the "Receipts" section.

10. **Total Receipts Available for Disbursement:** This line represents all receipts by the RLF program from inception of the fund.

Disbursements and Set Asides

11. **Loan Balances Assumed from PCLF/SBDC MD:** This line is used only by grantees in Pennsylvania and one in Maryland. The amounts on this line offset the "Loan Balance Transferred from PCLF and an SBDC in Maryland line in the "Receipts" section and represent the PCLFand SBDC MD loan balances that Pennsylvania grantees and one Maryland grantee have been responsible for collecting. This number always remains the same and has been reported by each Pennsylvania grantee and one Maryland grantee since the transfers.

12. **Loans Disbursed by Grantee:** The principal amount of all loans disbursed on a cash basis only since the inception of the fund. The original principal amount of a loan is the dollar requirement needed by the borrower for the project. If a loan is restructured to change the terms (interest rate or length) or to rephase (defer) or reamortize interest payments the original principal loan amount outstanding does not change.

13. **RLF Administrative Costs:** This line is used to record, from the inception of the fund, reasonable and necessary administration costs of the RLF that have been charged against the program income (see paragraphs VI.B.2. & 3., these guidelines). In addition to direct staff expenses, administrative costs may include the costs of required audit (see paragraph VI.F., these guidelines), loan closing costs, filing fees, costs of recovering collateral from delinquent loans, court costs, and indirect support costs of RLF staff.
14. **Grant Funds Returned to ARC:** This line is used for:
    a. Excess unloaned funds returned to ARC on a cumulative basis since the inception of the fund as required by paragraph VI.D., these guidelines, and
    b. b. The return of grant funds since the inception of the fund by the grantee for other reasons, such as an erroneous payment, loan postponed or cancelled, etc.
15. **Program Income Set Asides:** This line is used to record the amount of program income a grantee has set aside since the inception of the fund, based upon specific authority (contract amendment) provided by ARC.

16. **Other:** Grantees must specifically identify and explain each type of disbursement shown on this line. Use of this line should be rare given the detail provided in the "Disbursements and Set Asides" section.

17. **Total Disbursed and Set Aside:** This line should represent the total of all disbursements and set asides since the inception of the fund.

18. **Funds Available for Loans:** This line is the difference between the amount on the Total Receipts Available for Disbursements line and the amount on the Total Disbursed and Set Aside line.

Loans Committed

19. **End of Period Loan Commitments:** Enter on this line the amount of approved loans that have been committed to but not closed as of the end of the reporting period.

20. **Net Loanable Funds Available to the Grantee:** This line represents the amount of unencumbered loan funds available for new loans on the cutoff date.

Loan Summary

21. **Total Loans Disbursed and Balances Assumed:** On this line place the total of the amounts on the Loan Balances Assumed from PCLF and SBDC MD, if appropriate, and Loans Disbursed by Grantee lines from the Disbursements and Set Asides section above.

22. **Loan Principal Repayments:** On this line place the amount of loan repayments from the Loan Principal Repayments line in the Receipts section.

23. **Unpaid Principal Balance:** Calculate the difference between items 21. & 22. above.

24. **Loan Balances Written Off:** On this line record the cumulative amount of loans written off by the Grantee's loan approval authority.

25. **Grantee Adjustments:** Grantees must specifically identify each type of adjustment. Attach a continuation sheet explaining the adjustment if necessary.

26. **Reported Balance of Loans Outstanding:** This amount must agree with the total of column 6 on Schedule B-2.

Preparing Schedule B-2
Schedule B-2 is a listing of a Grantee's outstanding loan balances as of the reporting date. The loan principal balances shown on this schedule, column 6, are, in aggregate, the Reported Balance of Loans Outstanding at the bottom of Schedule B-2 (see the * on each schedule). All loans having a principal balance during the reporting period are included on this schedule. Loans that were fully repaid in a previous period or written off in a previous period should not be shown on the schedule for the current period.

1. **Reporting Period Ending:** Enter the appropriate cutoff date, as shown, for the grantee in Table B-1.

2. **Column 1, Name, City/Co. & State of Borrower:** Enter identification information of the borrower. If the borrower's business is not located in a city, show only the county and state in which located.

3. **Column 2, Original Loan Amount:** Enter the original amount borrowed. Even though a loan may be restructured or a deferred interest accrual is amortized, only the unpaid balance of the original loan that is an integral part of the borrower's project is entered in this column.
4. 4. **Column 3, Date Loan Closed:** Enter the loan closing date in the following format: month/day/year. For example (04/01/98).

5. **Column 4, Interest Rate:** Enter the rate as a percentage.

6. **Column 5, Term of Loan:** Show term as years and months.

7. **Column 6, Principal Balance as of Cut Off Date:** : If a loan had a principal balance at the beginning of the current reporting period, it is reported for the current period with the principal balance at the end of the period. The reported balance would be zero if the loan was paid off or written off during the reporting period.

8. **Column 7, Loan Current? Or How Long Delinquent?:** Enter yes, or how long the loan has been delinquent, in months.

9. **Column 8, Jobs Created(C)/Jobs Saved(S):** The schedule should show the most current success in creating and saving jobs during the reporting period.

Preparing Schedule B-3

Schedule B-3 is used to report grantee actions taken to resolve the delinquent status of certain loans. Please refer to the grantee's RLF Operating Plan for a definition of a delinquent loan. Do not use this schedule to report late payments that do not meet a grantee's definition of a delinquent unpaid principal balance.

1. **Reporting Period Ending:** Enter the appropriate cutoff date, as shown, for the grantee in Table B-1.

2. **Column 1, Name of Borrower:** Enter the borrower's name as shown on Schedule B-2.

3. **Column 2, Delinquent Unpaid Principal Balance:** Enter only that portion of the unpaid principal balance that is considered delinquent under the reporting grantee's established criteria for declaring a loan or portion thereof delinquent.

4. **Column 3, Narrative Statement of Actions:** Report the actions taken by the grantee to collect delinquent balances or other actions necessary to restructure (work out) a loan payment amortization that will bring the loan current. Report actions by the grantee to recover collateralized property as a result of non-payment of a loan.

Business Development Revolving Loan Fund Grants
ARC RLF Guidelines: Table B-1

Effective April 7, 2020

Grantee Financial Report Cut-Off Date of August 31
(Due September 30)

Grantee reports are due in ARC's offices not later than one month after the cut-off date. Grantees will notify ARC of any delay and the cause of the delay.

Alabama
East Alabama Regional Planning and Development Corporation
North Central Alabama Regional Council of Governments

Maryland
Tri-Counties Council for Western Maryland

Mississippi
Golden Triangle Planning and Development District

Pennsylvania
Northeastern Pennsylvania Alliance
Southern Alleghenies Planning and Development Commission

Grantee Financial Report Cut-Off Date of September 30
(Due at ARC October 30)

Grantee reports are due in ARC's offices not later than 15 days after the cut-off date. Grantees will notify ARC of any delay and the cause of the delay.

Alabama
Regional Planning Commission of Greater Birmingham

Kentucky
Cumberland Valley Area Development District
Southern Kentucky Economic Development Corporation
Kentucky Highlands Investment Corporation

Mississippi
Three Rivers Planning and Development District

Ohio
Appalachian Growth Capital

New York
Southern Tier Central Regional Planning and Development Board
Regional Economic Development Energy Corporation

North Carolina
Valdese Economic Development Investment Corporation

Pennsylvania
Northwest Pennsylvania Regional Planning and Development Commission

South Carolina
Appalachian Development Corporation/South Carolina Appalachian Council of Governments

West Virginia
Mid-Ohio Valley Regional Council

Grantee Financial Report Cut-Off Date of October 31
(Due at ARC November 30)

Grantee reports are due in ARC's offices not later than one month after the cut-off date. Grantees will notify ARC of any delay and the cause of the delay.

Mississippi
East Central Planning and Development District

Grantee Financial Report Cut-Off Date of December 31
(Due at ARC January 31)

Grantee reports are due in ARC's offices not later than one month after the cut-off date. Grantees will notify ARC of any delay and the cause of the delay.

Georgia
Access to Capital for Entrepreneurs

Mississippi
Northeast Mississippi Planning and Development District

New York
County of Chautauqua Industrial Development Agency
Broome County Industrial Development Agency

North Carolina
Southwestern North Carolina Planning and Development Commission

Ohio
Ohio Valley Regional Development Commission
Ohio Mid-Eastern Governments Association

Pennsylvania
Northern Tier Regional Planning and Development Commission
Southwestern Pennsylvania Regional Development Council

Washington County Council on Economic Development
SEDA–Council of Governments
North Central Pennsylvania Regional Planning and Development Commission

West Virginia
Center for Rural Health Development
Center for Rural Health Development (Second Fund)
4-C Economic Development Authority

Schedule B-1

(Revised 10/99)

Statement of Funds Available from the Inception of the Fund thru ____________________

Name of Grantee ____

Receipts

Grant Funds Received from ARC:	$
Loan Balance Transferred from PCLF 10/1/92:	
Loan Principal Repayments:	
Interest on Loans:	
Loan Fees:	
Investment Interest:	
Late Payment Fees/Interest:	
Other: (Explain)	
Total Receipts Available for Disbursement:	$

Disbursements and Set Asides

Loan Balances Assumed from PCLF 10/1/92:	$
Loans Disbursed by Grantee:	
RLF Administrative Costs:	
Grant Funds Returned to ARC:	
Program Income Set Asides:	
Other: (Explain)	
Total Disbursed and Set Aside:	$
Funds Available for Loans:	$

Loans Committed

End of Period Loan Commitments:	
Net Loanable Funds Available to the Grantee:	$

Loan Summary

Total Loans Disbursed and Balances Assumed:	$
Less Loan Principal Repayments:	
Unpaid Principal Balance:	$
Less Loan Balances Written Off:	
Grantee Adjustments: (Explain)	
Reported Balance of Loans Outstanding:	$ *

* Must agree with total of column 6 on Schedule B-2.

The RLF Financial Reports are submitted as prescribed by ARC Business Development RLF Guidelines.
The information contained in these Schedules is accurate and complete to the best of my knowledge.

Signature

RLF Manager (or other responsible official designated by the grantee)

Schedule B-2
(Revised 10/99)

Name of Grantee ______________________________

List of Loans Outstanding
During the Reporting Period Ending ____________

1 Name, City/County & State of Borrower	2 Original Loan Amount	3 Date Loan Closed	4 Interest Rate	5 Term of Loan (year/mo.)	6 Unpaid Principal Balance as of cut off date	7 Loan Current? or How Long Delinquent? **	8 Jobs *** Created (C)/ Saved (S)
					$ *		

* Total of Principal Balance column must agree with total loans outstanding as shown at the bottom of Schedule B-2.
** Use Schedule B-4 to report the actions being taken to resolve the delinquent situation for each loan reported as delinquent.
*** Specify new jobs or jobs saved. Use (C) for new jobs created and (S) for existing jobs saved.

Schedule B-3
(Revised 10/99)

Name of Grantee ______________________________

Statement of Actions Being Taken to Resolve Loan Delinquency

During the Reporting Period Ending ______________

1 Name of Borrower	2 Delinquent Unpaid Principal Balance	3 Narrative Statement of Actions

ARC Business Development RLF Grants Guidelines:

Appendix C

RLF borrowers must comply with the requirements of all applicable Federal, State, and Local laws, as amended and updated, including but not limited to the following:

1. The Davis-Bacon Act (40 U.S.C. §§3141, et seq.) when any contract for construction, alteration and/or repair including painting and decorating in excess of $2,000 is financed in whole or in part by an ARC RLF.
2. The Copeland Anti-Kickback Act (40 U.S.C. §3145 and 18 U.S.C. §874) and the Contract Work Hours and Safety Standards Act (40 U.S.C. §3701, et seq.) regarding labor standards for federally assisted construction contracts.
3. Federal statutes and regulations relating to non-discrimination including but not limited to:
    a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§2000d et seq.), which prohibits discrimination on the basis of race, color or national origin (Title VI also extends protection to persons with limited English proficiency);
    b. The Federal Water Pollution Control Act, as amended (33 U.S.C. 1251, et seq.);
    c. Title IX of the Education Amendments of 1972 (20 U.S.C. §§1681, et seq..), which prohibits discrimination on the basis of sex;
    d. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps;
    e. The Age Discrimination Act of 1975 (42 U.S.C. §6101, et seq.), which prohibits discrimination on the basis of age;
    f. any other nondiscrimination provisions in the specific statue(s) under which application for Federal assistance is being made.
4. Facility access for the physically handicapped (42 U.S.C. §§4151, et seq.).
5. State and local environmental review requirements and all applicable Federal, State, and local standards, including:
    a. The National Environmental Policy Act of 1969 (42 U.S.C. §§4321, et seq.) and Council on Environmental Quality (CEQ) regulations (40 C.F.R. Parts 1500 through 1508), which require that an environmental analysis be completed for all federal actions to determine whether they significantly impact the environment

Attachment A-1
(Revised 10/99)

Appalachian Regional Commission

THE RLF FORM
for
REPORTING LOANS DISBURSED/REQUESTING A RELEASE OF GRANT FUNDS

Borrower's Name:

Borrower's Business Mailing Address:

Location of Business: (Street Address/Location, City, County)

Type of Business:

Amount of the ARC Loan:

Describe the Project in which the Loan is to be used:

Funds will be Used for:

- Land
- Building:
  - Purchase
  - New Construction
  - Alteration/Renovation
- Machinery:
  - New Purchase
  - Repair
- Equipment:
  - New Purchase
  - Repair
- Working capital
- Other:
  - (Specifically State)

Total Project ____________

Number of Jobs created and/or saved: * C: ________ S: ________

Number of months, from loan closing that the borrower has to create jobs: * ____________
*(In the case of Private Developers, see instructions on page 2, Appendix A.)

Terms of the ARC Loan:

Interest rate: ________
Length of loan: Years: ________ Months: ________
Conditions (if any):

Sources of Funds:

Borrower's Equity
Commercial Bank Loan
EDA RLF
ARC RLF
State Loan Program
SBA (Small Business Administration Loan)
RBCS (Rural Business Cooperative Service) IRP
CDBG (Community Development Block Grant Loans)
Local Loan Program
Additional Sources:
(Specifically State)

Total of Funding Sources ____________

Type of Collateral/Security provided:

Mortgage Position: ______ 1st ______ 2nd ______ 3rd
Identify Property Secured:

Chattel Mortgage/Lien: ______ 1st ______ 2nd ______ 3rd
Identify Collateral Pledged:

Personal Guarantee(s) by:

Key Person Life Insurance on:

Other: (Specify)

This Loan satisfies the (grantee name)____RLF Operating Plan.
________ Goals & Objectives ________ Targeting Requirements

The borrower has met the established eligibility criteria.
________ Yes ________ No ________ Exception to eligibility criteria.

Explain exceptions:

The documents checked below will be obtained from the borrower and will be available for examination by ARC staff after loan closing.

	CHECK
a. The borrower's loan application.	________
b. Standardized borrower financial Statements.	________
c. Grantee's loan commitment letter.	________
d. Other relevant information relating to the application Specify documents: (Indicate "none" if there are none)	________

e. Collateral/Security documents. (check appropriate item)

Mortgage ________
Loan Use Agreement ________
Promissory Note ________
Lien ________
Security Agreement ________
Note ________
Personal Guarantee(s) ________
Key Person Life Insurance ________
Borrower's Hazard Insurance ________
Other (Specify) ________
____
____

f. A credit report or credit verification on borrower. ________

g. Written evidence that commercial lending for the borrower was not otherwise available on the terms and conditions which would permit completion, successful operation or accomplishment of the borrower's project. ________

h. A copy of the of loan review committee minutes or certified resolution recommending approval of the loan. ________

i. A copy of Board of Directors minutes or certified resolution approving the loan, if applicable. (N/A ________) ________

j. A copy of State approval/concurrence, if required.(N/A ________) ________

I certify that there is no actual or potential conflict of interest for any officer or employee of (name grantee) ____, any current or former member of the grantee's Loan Review Committee, Board or Directors or staff who reviews, approves or otherwise participates in decisions on RLF loans or people related to them by blood, marriage or law.

I certify that to the best of my knowledge and belief that the information provided on this form is correct and complete.

____

Signature
RLF Manager (or other responsible official designated by the grantee)

____

Date

Required Attachments to this Form:

1. A copy of the Loan Review Committee recommendation on the loan application.
2. A copy of Board of Directors minutes or certified resolution approving the loan.
3. Evidence of State approval/concurrence in the loan if required by the State.