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OFN Staying Connected Call: USDA’s Community Facilities Relending Program: A CDFI Case Study
October 17, 2017 1:00 PM ET
Presenters

- Daniel Wallace
  Loan and Investment Officer, Coastal Enterprises, Inc.

- Robert Nadeau
  Community Programs Director, USDA Rural Development

- Meagan Hamblett
  CEO, Central Lincoln County YMCA

- Seth Julyan
  SVP, Membership, Opportunity Finance Network
Agenda

- Overview of the USDA Community Facilities Relending Program
  - Program Guidelines
  - Program Process
  - Suggestions and Guidance

- USDA and End Borrower Perspectives

- Q&A
Housekeeping

- This webinar is being recorded – the recording and powerpoint will be posted at ofn.org/webinars
- During the webinar, you can type your questions into the GoToWebinar question box
Community Facility Re-Lending: A Case Study
Be Aware...

- USDA has distinct CF direct lending funds
- CF Relending functions more like USDA’s guaranty programs
- Program is based on NOSA issued July 6, 2016
- Meeting CF Re-lending requirements adds perhaps $15,000 to $25,000 to the project
Critical Eligibility

- Rural, defined as <20,000 population
- 50% of funds to
  - High Poverty Census Tracts (>20%), or
  - Persistent Poverty Counties (>20% in 1980, 1990, 2000, and 2007-11 American Community Survey)
- Data and maps [here](#)
- Nonprofit organizations, public bodies, and federally recognized Indian Tribes
- ‘Essential Community Facilities’
Essential Community Facilities

• **Health Care facilities** such as hospitals, medical and dental clinics, nursing homes or assisted living facilities

• **Public facilities** such as town halls, courthouses, airport hangars, transportation facilities, fire departments, police stations, prisons, police vehicles, fire trucks, public works vehicles or equipment

• **Community, social, or cultural services** such as childcare centers, community centers, food banks and pantries, fairgrounds, transitional housing, libraries or schools
Ineligible Uses

• Construction (but can be used to provide permanent financing following construction)
The CLC YMCA

Opening Spring 2018
USDA Review

- Eligibility Review
- Preliminary Architectural Review (PAR)
- Environmental Review
Timing and Process

- State RD offices review applicant and project eligibility
- Environmental review takes a minimum of 30 days to assemble prior to submitting to USDA, and is somewhat extensive
- Eligibility includes Office of the General Counsel (OGC) review
- Re-lenders are responsible for all loan origination, underwriting, and servicing
<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DOCUMENT/ACTION</th>
<th>FORM, GUIDE, OR REFERENCE</th>
<th>WHO</th>
<th>DATE SUBMITTED</th>
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<tbody>
<tr>
<td>1</td>
<td>Estimate of Funds</td>
<td>RD 440-11</td>
<td>LO</td>
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<td>2</td>
<td>ACH Vendor/Miscellaneous Payment Enrollment</td>
<td>SF 3881</td>
<td>Acc’g</td>
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<td>2b</td>
<td>Determine Applicant Eligibility</td>
<td>1942.17(b)&amp;(k)</td>
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<td>3</td>
<td>Determine Project Eligibility</td>
<td>1942.17(b)(2), (d), (e), &amp;(g)</td>
<td>LO</td>
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<td>4</td>
<td>Determine Area Served</td>
<td>1942.17(b)(5)</td>
<td>LO</td>
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<td>5</td>
<td>Notice to Re-lender (if construction, may use the re-lending loan construction letter)</td>
<td>FR Vol. 81 No. 129, NOSA VI. A.</td>
<td>RD</td>
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<td>6</td>
<td>Documentation of Persistent Poverty Counties Served/High Poverty Area</td>
<td>FR Vol. 81. No.129, NOSA IV.A.</td>
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<td>7</td>
<td>Certificate of Good Standing for Re-lender in State of project location</td>
<td>1942.17 (b)(1)(ii)</td>
<td>CEI</td>
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<td>8</td>
<td>Irrevocable Letter of Credit (or similar instrument) --&gt; BoA Cash Collateral Account</td>
<td>FR Vol. 81. No. 129, NOSA VI.A. (d)</td>
<td>CEI</td>
<td>DONE</td>
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<td>Certification that Lender has meet all NEPA Compliance</td>
<td>1942.2(b) &amp; 7 CFR part 1942 &amp; 7 CFR1970</td>
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<td>Civil Rights Impact Analysis</td>
<td>Form RD 2006-38</td>
<td>RD</td>
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<td>*PER/PAR review providing the project is modest in design and construction</td>
<td>7CFR 3575.42 &amp; 3575.43</td>
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<td>11b</td>
<td>*OGC review of eligibility, collateral and Irrevocable Letter of Credit</td>
<td>1942.5(b)(1)(ii)(G)</td>
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<td>Submit Recipient Organizational Documents to RD</td>
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<td>Fidelity Bond Coverage</td>
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<td>Worker’s Compensation</td>
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<td>Terms and Conditions</td>
<td>FR Vol. 81 No. 129, NOSA VI. A. (e)</td>
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<td>14</td>
<td>Terms and Conditions</td>
<td>FR Vol. 81 No. 129, NOSA VI. A. (e)</td>
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<td>Other Conditions – All Loan Closing documents were provided and LOC is fully satisfied</td>
<td>1942.5 (a)(1) and Letter of Conditions</td>
<td>CEI Loan Docs</td>
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<td>16</td>
<td>Current on Reporting Requirements</td>
<td>FR Vol. 81 No. 129, NOSA VI. B. and Re-Lender’s Agreement</td>
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<td>Do Not Pay Portal Check</td>
<td>UN dated 8/3/2016</td>
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<td>Re-lender has established eAuthorization in preparation for payments through CIP</td>
<td>Re-lenders Agreement</td>
<td>Acc’g</td>
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<td>Update CPAP Recipient Screen</td>
<td>CPAP</td>
<td>RD</td>
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<td>Order Funds through CLSS</td>
<td>CLSS User Guide 6/22/2016</td>
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Eligibility

• Covers loan size, applicant and project eligibility, area served, and documentation of poverty conditions
• Reference appropriate section of Reg 1942-A and NOSA
• Organizational documents (articles & bylaws) plus list of Board of Directors
• Investment memo and commitment letter
Preliminary Architectural Review

• “Modest in design and construction”
• Architect narrative following the PAR Guide 6.
• Includes overall project budget (w/contingency & interest costs), operating budget, site plans, and drawings
Environmental Review

- Categorical exclusion with or without report
- Significant effort by the civil engineer to compile much of the report, with lender filling in the gaps
- Re-lender assumes role of the Federal Agency on certain forms
- Allow at least 30 days for SHPO, IGR, and Tribal consultations
Suggestions

• Do the work concurrently rather than sequentially
• Allow time for feedback and revision of submissions to RD
• May need to seek conditional approvals due to timing
• Start-ups: make sure the Borrower completes Form 1023 application with the IRS early
Useful Guidance

- FAQs: Program and Post Award
- Re-lender Webinar 11/15/16
- RD RHS 2016-16003 NOSA
- CF Relending Disbursement Checklist
- Regulation 1942-A and 1942-A PAR Guide 6
- 1970.54 Categorical Exclusion with Environmental Report (ER)
The CLC YMCA

The CF Relending program allowed us to:

• Break ground on time
• Continuing fundraising while in the midst of construction
• Have peace of mind knowing the money is there if we need it
• Have the greatest positive impact on our community.
Thank you!

CONTACT INFO

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Q&A

Type your question into the GoToWebinar question box