

Managing a Loan Fund

2011 EDFS Conference

August 24, 2011

Washington, D.C.

A Good RLF Program Requires:

- 1. Making Good Loans
- 2. Servicing Those Loans Consistently.

Other Necessities Include:

- **1. Loan Software**
 - Tracks loan funds separately (IRP, EDA-RLF, etc.)
 - Generates Reports useful to your organization:
 - Reports for Loan Committee / Board
 - Reports for Funders
 - Information for the Accounting Department
 - Historical Reports
 - Flexibility – Can make changes to terms

Other Necessities

- **2. Written Loan Policies and Procedures**
 - Consistent throughout all loan funds.
 - Applied consistently to all loans.
- **3. Attorney**
 - Knowledge of loan practices.
 - Willing and Available.
 - Knowledge of your state's collection procedures.

“Back Office” Operations

- **1. Payments:**
 - A. Enter payments into loan software daily.
 - B. All payments due on the same date of the month.
 - C. Late Payment Report-same day every month.
 - D. Call / send notices.
 - E. Follow-up – Second notices and collections.
- **NOTE: Document! Document! Document!**
 - Each step should be documented in the file.

“Back Office” Operations

- **2. Legal:**

- A. During Collections-ALL communication through attorney.
- B. UCC Filings – Good for 5 years – maintain a log sheet

Client	UCC #	Date	Renewed
The Machine Shop	200600012345	4/22/2006	3/15/2011
Local Café	200600204993	5/14/2006	3/15/2011
Sports Store	200600299954	6/30/2006	3/15/2011
Pizza Shoppe	200600415687	8/10/2006	6/20/2011
Burger Joint	200600421089	8/25/2011	6/20/2011
Hair Shack	200600896425	10/18/2006	
Corner Pharmacy	200601256432	11/9/2006	

- C. Judgment Liens – in WV, good for 10 years – maintain a log
- D. Loan Interest Statements – Mail by January 31st each year.

“Back Office” Operations

- **3. Client Monitoring**
 - Late payments
 - Local Partners (Banks, EDAs, SBDCs, Chambers)
 - Insurance Renewals

“Back Office” Operations

- **4. Confidentiality / File Protection**
 - A. Confidentiality Agreements – ALL who work with the loan program.
 - B. Identity Theft Prevention Program
 - C. Locking Cabinets for loan files
 - D. Safe Deposit Box for original loan documents
 - E. Keep loan software secure
 - F. Back-up of loan software / databases regularly.
 - G. Keep Back-up tapes off site.

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