**ANNUAL PERFORMANCE REPORT**

**FOR LOCAL FUNDS**

|  |  |
| --- | --- |
| Date | enter today's date |
| To | Shawne Haddad, MSF |
| From | enter UGLG staff name here ,  enter UGLG name here |

*Pursuant to the Restated Grant Agreement between the Michigan Strategic Fund (MSF) and the Unit of General Local Government (UGLG), the UGLG shall complete an annual performance report and submit to MSF on January 30th of each year.*

The UGLG will provide comments for each section below. Not applicable is not a sufficient response. Must be completed by the UGLG (not the Fund Manager).

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| --- | --- | --- | --- |
| **Community Name** | | **enter Community name here** | |
| **Report Period** | | to  **DUE** January 30, | |
| **Section I. A. UGLG RESPONSIBILITIES** | | | **COMMENTS** |
| 1) | **Outreach**: the UGLG will advertise and market the RLF and conduct other forms of outreach. The UGLG’s outreach efforts will be sufficient to generate enough demand to be able to close loans that produce jobs, the majority of which will be for low- and moderate-income persons. | |  |
| 2) | **Completion of loan applications; underwriting assessment:** the UGLG will assist for-profit businesses and other eligible borrowers in completing loan applications, and will perform an assessment of each loan request to: (a) determine the CDBG eligibility of the loan, (b) evaluate the loan’s job creation potential relative to meeting the National Objective and Public Benefit standards, and (c) ascertain that the loan will minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods. The UGLG will perform a front-end assessment to determine whether each loan and the financing terms associated with it are appropriate, and as part of this assessment will consider the following:  • the business’ need for financial assistance;  • the feasibility of the proposed venture or business activity;  • the past business experience of the applicant;  • the reasonableness of the proposed costs and return to the applicant;  • the commitment of other sources of funds;  • and the ratio of the loan amount to the full-time equivalent jobs expected to be created.  Additional underwriting standards and requirements may be found in the GAM. | |  |
| 3) | **Obtain loan collateral:** the UGLG will identify and obtain loan collateral, or other appropriate forms of loan security, sufficient to reduce the financial risk associated with each CDBG-funded loan, consistent with the program intent of providing financing in situations where adequate conventional financing is not available and as may be provided in the GAM. | |  |
| 4) | **Loan approval committee:**  the UGLG shall establish and maintain a Loan Approval Committee for the RLF. | |  |
| 5) | **Incurring costs:** the UGLG shall be responsible for making sure that no CDBG or non CDBG project costs have been incurred prior to either execution of the formal loan agreement or completion of the environmental review procedures and written authorization from the CDBG Revolving Loan Fund Program Specialist to incur project related costs. | |  |
| 6) | **Loan closing:** with the authorization of the MSF or its designee, the UGLG will execute all necessary documents and disburse funds as necessary to cover the expenses of approved applicants for activities authorized by executed loan agreements. The loan documents executed with applicants will include explicit provisions describing (a) the records that Borrowers must maintain to demonstrate the eligibility of the CDBG expenditures and the satisfaction of the CDBG National Objective, and (b) the conditions and procedures under which late payment penalties, default and/or foreclosure will occur. | |  |
| 7) | **Loan servicing/loan portfolio management:** the UGLG will establish and maintain a consistent method for recording monthly payments, with up-to-date ledgers and timely reconciliations (at least quarterly) which is consistent with the GAM and acceptable to the MSF or its designee. The UGLG will also establish a system to monitor the financial health of Borrowers, in order to anticipate repayment problems called a Troubled Asset Management Plan (“TAMP”) which is discussed further in this document and within the GAM. The UGLG will apply its policies and procedures regarding late payments, defaults, loan re-negotiation, and foreclosure in a timely and consistent manner. | |  |
| 8) | **Monitoring of job creation:** for those projects required to create low to moderate income (LMI) jobs the UGLG will monitor Borrowers on at least a quarterly basis to assess their progress in creating jobs for low- and moderate-income persons, and will institute default and foreclosure of the loan (subject to any inter-creditor rights and with penalties if appropriate) in instances where the Borrower fails to take sufficient action to satisfy the CDBG National Objective requirement. | |  |
| 9) | **Management of program income:** any program income (as defined at 24 CFR 570.500(a)) generated in connection with the economic development loan program, including loan repayments, late payment penalties, recaptures, or proceeds from foreclosure, will be utilized consistent with applicable CDBG program requirements. The UGLG shall apply this program income toward additional loans under the Regional Fund program through the use of a revolving fund pursuant to 24 CFR 570.500(b). | |  |
| 10) | **Maintenance of records:** in addition to the financial records regarding loan repayment cited in Paragraph A.6 above, the UGLG will maintain sufficient records to fully document (a) the loan application and underwriting review, including the front end assessment of CDBG eligibility and appropriateness of the loan, (b) the final terms and conditions of the loan, including collateral or other forms of loan security involved, (c) satisfaction of the CDBG National Objective, and Public Benefit requirements consistent with the requirements of 24 CFR 570.208(a)(4) and 570.209, and (d) proper utilization of program income received. All such records will be maintained according to the general requirements of 24 CFR 570.506 and those specified in the section of this Agreement on retention of records. | |  |
| 11) | **Borrower compliance:** Recipients of loan proceeds (“Borrower(s)”) from the RLF must comply with all federal and state laws, statutes, regulations, rules and policies, including, but not limited to, all reporting, monitoring and other requirements. Borrowers must acknowledge their compliance obligations at loan inception. | |  |
| 12) | **General Regional Fund program management:** in addition to all of the responsibilities above, the UGLG shall be responsible for (a) maintaining separate accounting for the Fund, (b) reporting results of the RLF program quarterly to the MSF, (c) obtaining written pre-funding consent from the MSF or its designee prior to any loan closing, (d) managing the administrative and oversight costs, including potential costs associated with third party contract service providers, and (e) obtaining written consent from the MSF or its designee prior to any disbursement. | |  |
| **13)** | **Adoption of credit policies:** The UGLG shall maintain at all times Lending Policies, Collection Policies, Compliance Policies, and Financial Accounting Policies consistent with the GAM which are customary to lending institutions and germane to their activities. | |  |
| 14) | **CDBG project closure:** The UGLG shall complete the Project Closeout Report and submit all required attachments and documentation requested for review by MSF Staff. The process for closing out CDBG Revolving Loan Fund Projects is promulgated in the GAM and is regularly updated. | |  |
| **Section I. B. MSF RESPONSIBILITIES** | | | **COMMENTS** |
| 1) | The MSF shall participate in the resolution of any problems that may develop in the course of a project’s implementation. Specifically as it pertains to all transactions subject to this Agreement, the MSF shall:  • Collaborate with UGLG to complete or assist with MSF specific compliance items and oversee UGLG compliance with additional statutory and program requirements, including but not limited to: National Objectives   * Citizen Participation * Property Management * Financial Management * Environmental Review * Fair Housing * Equal Opportunity * Labor Standards * Acquisition and Relocation * Procurement and Contract Management   • Oversee RLF budget and project amendments  • Oversee field review and audits of project activities and overall project progress  • Review final close-out reports prepared by UGLG prior to final submission to the MSF  • Review quarterly reporting prepared by the UGLG  • Attend on-site project monitoring with the UGLG  • Attend on-site monitoring of UGLG, as requested  • Complete annual UGLG performance report | |  |
| 2) | A copy of all files and records as required to be kept by the MSF or as provided in the GAM must be kept at the MSF office and must be available to the public during regular business hours, except documents deemed confidential and exempt from disclosure pursuant to MCL 15.243. Documents to be made available include copies of approved written policies related to the statutory and program requirements listed above. Required documentation and record keeping is discussed in greater detail in Section VII.B, below. | |  |

Additional Comments:

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UGLG Name and Title Date