

RLF Working Group Conference Call Minutes
Tuesday, April 19th, 2016 at 10am

On the call: Kathy McLane, Anne Pichette, Danielle Williams, Karen Sweeney, Tiffany Melby, Samantha Chagnon, Steve Clairmont, Brent Donnelly, Mark Menke, Janet, and Gloria O'Rourke.

Additions/Changes to Agenda: None

Last Meeting Minutes: Posted on [RLF Working Group Homepage](#)

Questions/Discussion:

- Top 3 RLF Challenges
 - BPDC
 - Software challenges – using two different systems, one to complete paperwork and one to service/track loan activity, they do not sync, which duplicates work
 - Lack of collateral – often having to take second liens and often take liens on personal assets in addition to business assets
 - Communicating a realistic timeline to clients so that they don't get frustrated with the application process
 - Steve said they too have two systems for loan servicing, the first is Downhome Solutions, which is the servicing software, and Quickbooks, which is their financial software; they worked with their auditors to develop a process for making sure that both are balancing
 - Steve also mentioned that we should have a document/checklist to give to our clients that states that we will not review their application until it is complete; and if the client insists on a preapproval before turning in all of the necessary paperwork, then just tell them the answer is no because their application is incomplete
 - Tiffany stated that we have just put a disclaimer on our loan app checklist that says there must be a complete app before it can be written up, etc.
 - S&K Holding Co.
 - They are still having a challenge with credit reporting; because they are a for-profit entity, the Credit Builders Alliance said they could not partner with them, and other programs like CBA are cost-prohibitive for smaller portfolios; they talked about working with the Native American CDC but the changes that would have to be made between the programs were major and would not work effectively
 - There is a challenge in finding funds for a portfolio that leases; Brent has done some research into the issue and said that there may be an opportunity for dialogue there, and a small step forward with a preliminary proposal; Brent and Steve will talk later about this new development

- Steve also mentioned “chainsaw loans” where people want quick money, a small amount to buy a chainsaw and a rack for their truck for logging. They have trouble getting these payments, so they had to up the minimum of a loan to \$5000 so that there is more to lose and people will actually make their payments
 - USDA
 - Brent mentioned that the USDA has had many complaints about the use of their LINC reporting system and issues with calculations and up-to-date reporting; he stated that anyone needing assistance in catching up their reporting should let him know and they would provide technical assistance for RLFs to get up-to-date
 - Annual reporting is another challenge for USDA; these reports are due each September/October; USDA also offers technical assistance with that
 - There have been challenges with low loan-out rates; USDA would like to partner with local EDDs to reach out to banks in their area and promote the utilization of these underused funds; Mark said that he would like to visit with Brent about this opportunity
 - There are some programs that USDA has that allow them to partner with banks to loan up to 25 million dollars
 - In talking about challenges in getting a complete application, the USDA will often do project-specific checklists; they take the long laundry list of items needed and whittle it down to the items that the specific project needs; it makes it less daunting for the applicant
 - Brent also asked if everyone was fully utilizing their IRP funds; Steve mentioned that everything is seasonal and when they do have money, they are seeking people to apply; when they don’t have money, they are getting flooded with applicants
- Recap of Credit Builders Alliance
 - As previously mentioned, S&K Holding Co. was not able to pursue it right now
 - BPDC is still considering the CBA package but will need to get their board’s consideration
- Record Retention
 - BPDC keeps records for 7 years
 - USDA has a different record retention policy and it varies for loans that are paid off versus written off versus denied, etc. Brent is going to send out the policies to meeting participants; Brent mentioned that they like for RLFs to maintain their denied records for at least a year to see them at the annual review
- Denial Records
 - Tiffany asked the question if RLFs have their committee nail down specific reasons for denial to put in the denial letter

- Steve mentioned that there are legal reasons why he doesn't put the specific denial criteria in the letter but will sit down with the client to explain why their application was denied; and there is usually a 90-day period for them to reapply
- Steve mentioned that they will sometimes have the applicant come to the board meeting so the board can ask them questions; the applicant must be out of the room when they are deciding otherwise the board may be swayed; clients can always ask to speak to the board; and there is a fee charged up front for the application but they don't take the fees unless the loan is approved
- BPDC has a 60-day appeal period for applicants who have their application denied; they must provide documentation or solutions for the reasons they were denied
- Brent mentioned that he has an out-of-state intermediary that always has their client present to their committee
- Mark with MBAC follows Regulation B for a discrimination notice, giving out contact info for collections agencies, and naming specific reasons for denial; they hardly ever have the client present in front of committee
- There was discussion of whether you can provide a copy of a credit report to a client; Tiffany said you could do so.
 - There was discussion of medical institutions turning their collections over to random agencies and there being miscommunications with clients so that clients may not even know they have a bill or a collection
 - Steve mentioned that they do not give a copy of the credit report to the client but they go through the report with their client; their organization does not handle the credit issue for the client; the client is responsible for clearing up any issues
- RLF Resources
 - There was discussion of the National Development Council having a fantastic 4-course training that comes to MT every couple of years, and you receive a Financial Development Certificate
 - There was a question of whether you had to renew this training every two years
 - Gloria mentioned that MEDA usually partners with the Dept. of Commerce to host the NDC training; Anne was going to chat with Carolyn to see if there was anything already in the works for the next training
 - Gloria said that she would send out recertification information to the RLF group
 - Gloria also mentioned that the training is usually \$400-\$500 per person but that the state usually obtained funding for participants to bring the cost down to \$100-\$150/per person; Steve mentioned that once you attend, you can retake courses forever for free.
 - Tiffany asked if there was a spot online where RLFs could get all of the USDA/RD forms needed for IRP applications; Brent said that they recently redid

the USDA website and that the site has the updated forms; Brent is going to include a link to the forms in his email about record retention policies

- Brent added that if there was any training that the IRP RLFs thought would be helpful, he could organize a workshop for the next MEDA conference or a webinar, so if there are ideas or interest, to contact him.

Topics for next meeting:

- a. Additional funding opportunities for RLFs that have reached capacity
- b. To email Tiffany with any other topic ideas
- c. Follow-up from Gloria on NDC training costs and recertification

Next Meeting: May 17th at 10am on the conference call line

Notes by Sammie Chagnon