Transcript for the Section 108 Loan Guarantee Reporting in IDIS Economic Development Focus Webinar

10/26/2021

Rob Sronce:	Hello everyone and welcome to the Section 108 Loan Guarantee Reporting in IDIS: Economic Development Focus webinar. I see there are still a few joining. So, I'm just going to walk through a little bit of housekeeping while others join. My name is Rob Sronce. I am with the Cloudburst Group, your host today.

Again, before we start, a little bit of housekeeping while others are joining – and we're getting a little bit of feedback there from one of our panelists. I'm sorry about that. So, this webinar will be scheduled for one hour, however, the session could run a little bit longer.

So, we thank you for your patience, we hope to wrap it up in time. We also don't want to miss critical material. If you do need to step away at the end of the hour or need to step away early for any reason, please know that the session will be recorded, and posted on the HUD Exchange.

All participants are in listen-only mode. So, if you need help with WebEx, or have other technical issues, please chat at the Host through the WebEx chat. Please do not use the chat for questions to presenters. And again, we hope to take questions from you at the end through the Q&A pod.

Please enter them as you have them. And you may not see the Q&A pod right away when you start WebEx. So, to find it, you will need to click on the Q&A icon up in the top right-hand corner of the WebEx frame. You click that, and it will then pop up along the right-hand side of the frame.

So, to go ahead, and click on that, and that should be active and accessible. Please submit your questions in the Q&A pod as you have them. We'll hope to answer them at the end. We will collect them all, and that will be really helpful for us to know where you may have struggled a bit, and where we can provide additional support, and provide a Q&A document after the webinar.

And one last thing, if you've called in, and you want to switch to, just listen through your PC speakers, you can do that by clicking on the Quick Start button. Then click on Audio Conference, and there's a little dialogue window that pops down, you want to select, "Use Audio Use Computer for Audio," then click, "Switch to using computer."

Make sure you've actually got the correct speakers selected you want to listen through. And again, remember, we're recording this, and we will share it on HUD Exchange, usually in a week or two.

I would now like to introduce our panelists from the Office of Block Grant Assistance Financial Management Division, Scott Laliberte and Marty

Dubroff. And Scott, I'm going to pass it to you.

Scott Laliberte: Okay, thank you, Rob.

Robert Sronce: You're welcome.

Scott Laliberte: Good afternoon to those on the East Coast. A late, good morning, to those on the West Coast. My name is Scott Laliberte, I am the Loan Management Team Lead, and I will be walking us through the presentation today for compliance with our notice, and general setup in IDIS for Section 108 loans with a focus in this session on economic development types of activity.

So, we will walk through an introduction overview of the activity process. We will look at setup and accomplishment reporting, including advances, and repayment activity. We will cover financial tracking in the form of receiving program income and creating drawdown vouchers.

We will also at the end, provide some links to technical assistance resources along with our contact information. And then if things go well, we will do a live demonstration of creating activities, receiving program income, and the creating and approving drawdown vouchers in IDIS.

We will be using the training version of IDIS so do not worry if you see your grantee name appear. This is purely test data.

So, the principal purpose of this webinar is to work to get you into compliance with CPD Notice 17-04. This is the reporting requirements for Section 108 Loan Guarantee recipients. This has to do with the conversion of our portfolio which started on October 1, 2013, when we converted our existing portfolio into IDIS.

So, we have two basic tiers, we have the old loans, which represent any loans that were in process and funded before our conversion into the portfolio. And then we have any loans that have occurred since then.

So, you will have two categories, broadly: the new loans, which are commitments that are issued on or after the start of the federal fiscal year 2014, which is 10/1/2013, and then our old loans, which are those that had funds advanced, and commitments issued before that time frame.

And the old loans are where the biggest distinction will need to occur. And that is whether or not the project that you're undertaking with the Section 108 Loan is generating program income. If it was fully funded before 9/30/2013, and it is not generating program income, then you do not need to do anything as far as reporting in IDIS; you are grandfathered in.

If it is generating income, or it has not fully advanced as of that conversion date, you will need to set up the loans in IDIS. So, we're now going to briefly talk about the 108 overviews, and how the activity actually functions, and

flows both in IDIS, and in the real world.

So, within the scope of a project, you will have two general types of activities. We call the generating activity; this is where you're actually using the funds that you've drawn down from the fiscal agent. For most loans, that's the Bank of New York. And those funds will be advanced from the Bank of New York to the grantee.

The grantee will then use those funds to carry out an activity in the real world. And then, if needed, they will receive the program income that comes back in to the the grantee's bank account. And then they will use that funding to pay for the debt service. And then they will create repayment activities in IDIS to reflect the use of that program income to pay the debt service.

We do want every loan to have one and only one project set up to correspond to the 108 Loan. So, it is important that we have a single project because we want to group all of our related activity, including various generating activities, various repayment activities, draw vouchers, program income receipts.

That all of our information will be contained in one single source so we can look at it and access it at at a single shot. So that is the importance of creating a project for each loan.

Broadly, our activities will be set up very similar to the way you set up regular CDBG activities. And you can follow along with the IDIS Guidance for both entitlements, and then state, and small cities programs, depending on what type of grantee you are. And this does help us organize the Section 108 financial transactions.

And as I said in the prior slide, we will use this for both our generating activities that reflect the events of funds, and then repayment of activities, either with program income, or other CDBG funding sources.

The four main types of fund types that we expect to see with the Section 108 program, or the SL fund type, which is the actual loan commitment that we issue. And that will reflect the funds that are actually advanced from the fiscal agent, Bank of New York.

Then we will have SI, which is Section 108 Program income. And that is any program income that is generated as a result of activities carried out with those funds that were advanced under this loan. Then we have the two main types of CDBG grant fund types: that's program income from non-Section 108 Loans. And then we have regular Block Grant funds, either regular CDBG or CARES Act funding as it applies.

So, when we're training the general activity, that will cover the cost for our loan advances. And this is the activity delivery costs rolled into one; so, if any associated charges from the fiscal agent for the advance, or the loan

guarantee fee, or any maintenance fees, that will all be covered as an activity delivery cost, and rolled in. So, these amounts that you fund with SL should be the gross amounts of your advance.

So, and again, when the funding is advanced from the bank, we will reflect that with a generating activity in IDIS that will be funded with the SL fund type. Then you will carry out the activity in the real world.

And if there's any income that comes from that activity, that will be receipted as SI, which is the Section 108 Program income, into the grantee's bank account. And then we will walk through the repayment activity.

This is the start screen for most of you, this is where we will actually search to make sure that you have a Section 108 Loan. So, if you're logged into IDIS, you will click on the blue tab for funding and drawdown. And you should see on the left-hand menu box, a Section 108 Loan, and you should see the search option.

When you click that search option, it will bring up the search window that you're seeing here. You can then search by the cohort, which is going to be the fiscal year, federal fiscal year of when we approved this loan. And then you can also enter the loan recipient, and state, and that will allow you to search for, and locate this loan in your system.

So, once you bring that up, you will have multiple loans if you have the case. And you can click on, "View Detail," and you will then see this screen which provides you our loan number, which is listed as the loan number. And you can tell that this is an old loan.

And given the age, this is a B-10 loan, which means this was likely obligated in 2009 or 2010. And that the recipient is Los Angeles, and you can see the amount of the loan. You can see the date of approval on the loan. And then if there is a cancelation date; not all our loans have those input in the systems, but you can see that as well.

The other critical item to note here is the amount committed to activities and the drawn amount. So, in this case, the amount committed to activities is 4.806 million, and that is fully drawn as well. So, this is likely an activity that is fully set up in IDIS. If there are activities set up, you can click on the "View Activities," button, and that will take you to a list of the activities that are associated with this loan.

So now I'm going to go into a little bit more detail on our generating activities and how we set those up. So again, we're going to walk through the two situations where you would need to set up the generating activity. We'll start with the old loans.

So, these are loans that were funded partially prior to 2014, and are generating program income for Section 108. So those will need to be set up in

IDIS with an activity to represent the funds that have been advanced to date. And then any new funding, which is either remaining funding under old commitments; so, commitments that were issued prior to conversion on 10/1/2013, or new approvals that were issued after the start of federal fiscal year 2014.

Each of these loans in 108 should have a project set up. So, you will go ahead and set up the project. The program year is the fiscal year of when we approved that loan. And then we will add a project title, typically this is best listed something along the lines of Section 108 program, Section 108 Loan. You may also put in the loan number at that point.

You can also put in a grantee or Project Identification if that's an internal designation. And then we ask that you put in the loan description if this was an economic development loan pool, or a housing rehab, or a public facility. You can go ahead and add that information there.

The next piece of information is you need to add the Section 108 loan amount, and that is a field that you will enter. If you know this project is going to be generating program income, and that will be the source of repayment on this loan, you will typically enter the estimate of two times the amount of the loan commitment because we are going to track the money going out when we generate with the activity. So that would be the money that's advanced from the bank, and then the money that is collected in program income and returned to pay for the debt service. So that will be roughly two times the commitment for the Section 108 Loan.

And remember, this is just an estimate. So, if you have a little bit more or a little bit less, that's okay, but we want to have a rough estimate of what that amount is going to be.

So, when we get into setting up our activity, it is important that you remember that Section 108 eligible activities are the only things that can be undertaken, and that is a subset of overall CDBG activities. There are some CDBG activities that cannot be carried out with the Section 108 program. But we're going to use this to create one or more activities to represent the use of those funds that we've advanced from our fiscal agent.

So, each activity, we will create, and we will put in our accomplishments, and our national objectives, and then we will fund it. So, we have the funding shown in IDIS, and then we would create a voucher to show that that money was actually drawn down and used for the activity.

We will also record our activities, accomplishments on an annual basis. And if you have not already gotten that done, you can catch up on that on an aggregated basis. But we do ask that you put that in, in the detail.

When we start to create the activity, we will enter in the project information. And then we will get to the program, but we have a series of three questions

that we need to answer. The first one is, "Is the activity going to prevent, prepare for, or respond to coronavirus?" And this will be an individual decision.

If you are catching up loans in the portfolio before the pandemic began, and this would most likely be, "No." But if it is ongoing activity or activity in the future, this may be a "Yes." And then the critical item here is does this activity use Section 108 loan? This answer is defaulted to, "No," so you'll need to click the "Change Answer" button. This will then change it to, "Yes." If you do not change this answer to, "Yes," you will not see when we get to activity funding, the SL and, or SI types of funding. So, it is critical that you change this to, "Yes." And then this is also a drop down where we will select what the matrix code is for the activity that we're carrying out. And we will walk through this in more detail when we get to our live demonstration.

When we are setting up the activity, we do want to select the project. And that will be the project that we created initially for this loan. So, when you're creating that project, it's important to remember the program year and the Project ID. So, you can enter it directly or you can also search within the project menu boxes to locate that project and select it.

Once we have those pieces done, we can begin to move down. We do have to answer a question with the new releases of IDIS, on "Is this activity is subject to Section 3 reporting?" And that is a grantee decision that will need to be made. And that will be getting us ready to move to our next step.

So, once we've created the activity, and we walk through the accomplishments, and national objectives, we'll be ready to fund the activity. And we will go back, and look at creating the accomplishments, and the national objective when we get to the live demo portion of the presentation.

So, once we are ready to add the funding to this activity, we will click on the "Add-Edit," and that will bring up our funding sources. And what we're looking for is fund type SL, and you will look for the loan that corresponds to which one you're trying to fund.

Depending on the status of the advances when we converted into our portfolio, you may see multiple loans numbered; one with a -OLD, and then one without the -OLD. That indicates that this loan was partially advanced at the time of conversion into our portfolio.

So, if it is one of those loans that you are setting up because it is generating program income, we do ask that you fund the OLD portion first, but you can add multiple sources of funding to this activity in the exact same fashion you can add multiple grant years in a regular CDBG activity.

So, once you've added the funding amount, you'll go ahead, and save that, and then you should be able to move back to the status. So, this is an example where you see the -OLD loan. That they are both going to carry the funding

type of SL, But the old loan number will be the funds that were advanced prior to conversion into our portfolio.

So, we do ask if you're creating an activity that you do not mix Section 108 loans unless it's an old and a non-old loan number. So, you would not mix a B-11 loan and a B-12 loan on the same activity. If that is such, a situation where you're running a loan pool, and you're adding more funds to the loan pool, you would simply set up a second activity.

And it can be the same accomplishments and national objectives for your overall loan pool. But you would want to set up a second activity and fund that activity with the B-12 loan or the subsequent 108 loan instead of just adding funding to it, the original activity.

I'm going to talk about creating the repayment activities. So, this is where we track the repayment of Section 108 debt service. You're going to set up a loan repayment activity when you either have project-generated Section 108 program income, or you are using CDBG funds as EN, or RL, or PI to make a payment on the Section 108 debt service.

So those are the only two times that you have to set this up. If you are paying the loan back with non-federal funds, you do not need to set up a repayment activity for Section 108.

Again, every repayment activity gets set up every program year. So, you would probably have an interest component activity and a principal component activity for each program year. If you're in the interim facility, you are allowed to aggregate all four interest payments. And if you're in the permanent facility, you can aggregate the February and the August interest payments as one payment for the activity purposes of funding.

Again, we want to associate this with our original Section 108 Project, so we will want to make sure that we select, and identify the Project ID that we created, and make sure that that is linked to the activity so we can look at everything in a single snapshot.

Determining the correct matrix code is based on two key items: One is the repayment status. So, is this a planned payment or is this an unplanned/emergency payment? And then, what type of repayment are you actually making, are you making a payment for interest, or principal, or fees?

The fees will only apply if you are funding when we go into a public offering. So, you will most likely not have that every year, but you should have interest and principal payments in almost every year of repayment. This is an administrative activity so there will not be a national objective or accomplishments that need to be set up.

We usually expect this to be funded with the SI. But this can also be funded with the PI, which is CDBG program income; CDBG grants, either regular or

CARES Act; and then in some instances, remaining Section 108 funds that were not advanced that will then expire.

So, and again, once we get to the matrix code, when we're beginning to set up our loans, we'll need to select the correct matrix code. And we have two types for repayment of principal. We have 19-F which is planned repayment, and 19-G which is unplanned repayment having just come through the last fiscal year where we had expiring 2014 grants.

And we will now be moving forward with expiring grants every year. If you get to the point that you need to use expiring grants, and you're making a payment for the debt service, that would probably be an unplanned payment. But you can certainly check with our office for additional guidance on that, and we will help you with that.

And then we also have payment of interest costs. We do not differentiate between planned and unplanned payment for interest costs. So, you will just select 24-A if you're using interest costs. And then if we're going into a public offering, and you're financing the fees associated with that, then you would use 24-B. As I said, that is a rare occurrence and that is only when we go into a public offering would that be applicable.

So again, when we get to the activity setup, and you add the activity, you will select the project. And again, you will have to change your answer to, "Will this activity use Section 108?" You can click the "Change Answer" button to make that a "Yes." And again, it's critical that if you do not do that, you will not see the SI and SL funding types. And then you can use the drop down to select the matrix code that you want for this activity.

Now we're going to look at, briefly, creating draws and receiving of program income. So, the draws from the activity are going to represent the actual money that has been advanced from our fiscal agent, the Bank of New York, and, or the use Section 108 program income that has been receiving.

The grantees will create vouchers in IDIS to reflect that once that has been placed on an activity. This is a critical point here is that IDIS tracks the loan funds, but funds are not dispersed in LOCCS. All of the actual funding on a Section 108 loan occurs outside of LOCCS. So, this will occur directly from the Bank of New York when you are advancing funds.

And when you are making income on an activity, that money will be received from the third party directly to the grantees' bank accounts; and then move directly from the bank accounts there back to the Bank of New York for the payment of debt service. The only time that you will use LOCCS at all is if you are making a repayment of debt service and you're using CDBG funds.

One added distinction on creating a draw voucher is that for Section 108 loan funds, so that's going to be SL, and SI type, there is a third level of approval on a voucher. So, you will have the creator of the voucher at the grantee

level, and then you will have a second line approver.

And then you will see the line-item status as we have squared in our box here, so to "Pending HQ Approval." At that point in time, you will need to contact our office and provide the voucher ID number and the screenshot showing the status so we can approve the loan for you. And that's simply an added check to make sure that the activity is eligible, and that is consistent with what we expect to be happening with either the advance of funds, or the use of funds for repayment to correspond to actual debt service payments.

For new loans that are funding or new advances on older loans, there is a concurrent process that the grantee will have to follow through with. So, within IDIS, they're going to have to create and approve an activity and fund the activity. And then create, and approve a voucher, and get that voucher to that pending HQ approval status.

At the same time, outside of the system of IDIS, they will create the request for advance of funds, and send that to our office. And then our office will review that and provide the authorization to the fiscal agent. And once that occurs, the fiscal agent will wire the funds directly to the grantee. Again, this is not a LOCCS transaction.

And then when that has occurred, we will approve the voucher to reflect that transaction in IDIS. And so, we're essentially using it like a check register, and in this case to reflect the advances because there's no transaction in LOCCS. But we do use IDIS to track the activity that is carried out in the real world.

When it comes to the repayment of Section 108 debt service, there are two paths that would require creation of the activity and the draw voucher. If you are repaying with SI, which is the Section 108 Program income, the grantee can go ahead and make the payment when the invoice is received by the fiscal agent.

And then you can create the activity, and fund the activity, and create, and approve the draw voucher in IDIS. And then you can notify our office that the voucher is ready for approval, and we will then approve the voucher after a review. That can occur at the same time as the invoice is due or it can occur just after the fact to make sure that the process is completed.

If you are making a repayment using PI or EN funds, you will have to create that activity ahead of time, and get the draw voucher created, and approved at the grantee level in enough time for the transaction to occur in LOCCS, or the funds to be released from HUD to the grantee bank accounts. And then you will use those funds to make the payment on the invoice when it is due to the bank, or the quarterly, or semiannual payment as scheduled.

When it comes to receiving program income, the process will be very similar to receiving CDBG Program income. We will just pick a slightly different

category. This will be fund type SI, which again, is the Section 108 Program income.

And our SI can only fund those activities that are associated with a Section 108 repayment or financing of activities. So, theirs are going to be the 19F, the 19G, the 24A, and 24B that we looked at before. And also, and in some instances 24C, which is the funding of a debt service reserve account.

When you get to the receipt screen under the funding and drawdown, you will add the receipt, and then you would have to select which type of receipt you're receiving. You will collect the receipt from Section 108 Loan.

That will bring you to the receipt screen for Section 108, where you can again enter information like the activity that this is correlated with. And that is the activity that was used to show the funding, and the advance of funds from the fiscal agent. So that is our quote, generating activity.

You will also put in the project program year and Project ID; so again, you can associate all activity in a single project. This cannot be used to generate an activity, so to carry out further activities, they do not allow revolving loan pools with Section 108 Program income, or to carry out other general CDBG activity.

The receipt of income must be used to pay for debt service unless an exception is granted by the Program Office. Once all the debt service is paid, and the project is still continuing to generate program income, then that income can be revised to be considered PI, which is general CDBG program income. And that will be guided by general CDBG regulation for the use of Program income.

And we do want all income generated receded in the system at this point, regardless of when it was created or receded by the grantee. This particularly applies to the old loans that may have been in existence for years and been in repayment long before the portfolio was converted into IDIS.

When it comes to accomplishment reporting, this is going to be almost exactly the way you would set it up for CDBG. And that you will select what your accomplishment types are, and what the national objective is, and how you're going to prove that. We do ask that new loans report the accomplishments annually, which is a standard practice under CDBG.

And for old loans that you are playing catch-up on, we will allow you to aggregate all prior year accomplishments into the latest, or the earliest program year available. But we do ask that you add in the comments, some sort of an identifier to break out the accomplishments by the year of completion. And you can add that in the narrative detail for each accomplishment.

Once the activity is underway, you can look at completion status. So, we

require that the activity be fully funded under the loan, and that it meets a national objective, and that all of your accomplishment reporting is complete, and that all of the draws for funding have been approved by HUD before you can consider an activity to be completed.

For the repayment activities, remember that there is no accomplishment or national objectives needed because this is considered an administrative activity. And the purpose in creating one activity for repayment each program year is so that you can complete it after each program year, and provide a clear audit trail, and additional clarity on when loans have been repaid, and what amounts, and what sources. In the event that you are mixing SI, and EN, or PI funds together, you can clearly see what resources were used in each given program now.

Again, we're going to summarize, and this breaks down a little bit further that you have our new loans, which are commitments that were issued on or after 10/1/2013, which is the start of federal fiscal year 2014. Those loans will always be fully set up in IDIS, so you will have the grantee created voucher, for those and you will track SI if it's applicable.

For the older loans, there's a differentiation between whether or not the activity is creating program income. If it is not creating program income, you do not need to create an activity. You do not need to carry out any activity in IDIS at all; you are grandfathered in.

If it is creating program income, you will need to set it up. The one difference with tracking of the events for funds in Bank of New York is that when you've set up an activity, and funded it using the -OLD funds, you will not create a drawdown voucher. The system will create a drawdown voucher for that, and we run a periodical report that allows us to locate and approve those draws. And that is simply to indicate that this was something that happened before the portfolio was converted into IDIS.

We look at accomplishments. The new loans we expect that report for accomplishments will be reported on an annual basis. And you can go retroactively back if you need to. And then for the old loans that need to have a loan come up, you will report the accomplishments in the earliest available program year, and you can aggregate those. But again, we do ask that you put in a description that breaks it out by years to the best of your ability.

And these are required to have a generating activity that shows the use of the funds that were advanced by the fiscal agent, and that the repayment activity, if it's required. So, it's if you're using SI, or SL or any other HUD funds for repayment, you will need to set that up.

At this point, we're going to jump to our live demonstration. So, I will just need a quick pause while I get the screen up to configure that. Let me go ahead and share my screen.

And at this point, we're going to go ahead and start our demonstration. So, I'm going to go ahead and log into IDIS. And please, bear in mind that this is the training screen for IDIS, so this is not production data. So, if you happen to be the grantee that I'm using, do not worry, this is in the training data. This is not in production.

So, I will go ahead and log in and I will select the grantee that I'm going to pretend to be in this situation. So, I am now the grantee of Frederick. So, I'm going to start with looking to see if I have any Section 108 Loans. So, I'm going to click on the funding drawdown box, and then I'm going to search for Section 108 Loans that are located in the left-hand menu boxes.

So, I have the Section 108 Loans, and I see the "Search," button so I'm going to click the "Search," this loads my criteria. So, I'm going to put in that the recipient is Frederick, and the state defaults to Maryland because that's the state that this grantee is a, located in. And I will search this.

In this case, I see that I have two loans: I have the B-20 loan, and I have to B-19 loan. Our loan numbers are set and determined by the grant that is amended when the loan is approved. So, in this case, the B-19 grant would be amended to the B-19, and C-24 0013 CDBG grant, and the same thing with the 2020 grant.

So, I'm going to look at these loans to see what we have for resources. Again, you can see the amount that was approved, and the approval date, and the cancelation date. But you cannot see if there is any activity that is carried out. So, this is the screen that we saw in our demonstration earlier. But again, we see the loan number, and we see the recipients.

And this is the information on the amount of the commitment, and the approval date, and the cancelation date. And then we see out of the $3 million for this loan, we've committed $2 million to activities. And we've drawn that $2 million for activities. And if I wanted to review the activities in this case, I can actually click on it, and that will then show me that I have activity 1332 in the amount of $1.5 million funded and drawn.

And then I have activity 1335 funded and drawn. So that proves that we actually have it. So, I'm going to go back to the Section 108 Loan, and we're going to look at the B-19 loan to see if there's any activity and what that's set up as?

And again, when you first start setting up for compliance with our notice, this is most likely what you will see. You will see the information on the loan amount, including the obligation, and the approval date, and cancelation date, you will not have any amounts committed to activities because you have not created any activities.

And you will not see any drawn amounts. And obviously, if there's nothing committed, you probably do not have any activities setup. So, we are now

going to start our process of creating all the activities that we need. So, the first thing we're going to do is create the project.

So, we're going to go to Plans, Projects, and Activities. And this changes our menus, we're going to add a project. So, in this case, we're going to use the B-19 Loan, so this is program year 2019. And that, I'm going to do a Section 108 Loan.

I do not have an internal designation but I'm also going to put a description in here. And then I'm not going to choose to select another organization. But if you did have another organization that was participating or carrying out this activity, you could authorize them to access the funds as well.

And I know that this is a $3 million loan pool, and I'm going to be making loans to third parties. And then I expect to be paid back for these loans. So, I am going to estimate that this will be $6 million in total amount with the Section 108 Loan amount. I am not contributing any CDBG, or HOME, or any other federal resources to this project so I will go ahead and save this.

At this point in time, I now have my program year and my Project ID. So, I know it is program year 2019 and Project ID 17. And that's important information to remember because we will need to enter that as we move forward in our next steps of creating an activity.

So, I am now ready to create my first activity under this loan so I'm going to go to the activity box. And I'm going to click, "Add." So, it automatically defaults to the activity owner is Frederick, Maryland. And I'm going to select the project at this point.

This brings up our Project Search screen. If I remember the Project ID and the program year, I can go ahead, and enter it. Or I can also search for the project. I wrote down the information so I know it is program year 2019, and I know that the Project ID is 17, so I will click, "Search."

It does, in fact, find the project title that I just set up, the Section 108 Loan for Economic Development so I will select that with the Action button. And that includes the name, so I'm going to call this Activity Smith Family Loan, just to give it an activity name, so I can track it and follow it.

And then I get into my questions under the program for CDBG. So, is this activity to prevent, prepare for, or respond to Coronavirus? It is not so I'm going to click, "No." Will this activity use Section 108? It's currently set to, "No," so I'm going to click the "Change Answer," button.

Now, it is showing that it is, "Yes," so now I'm ready to select my activity for the matrix code. So, this has the full list of matrix codes. But we will have to use a matrix code that is approval for Section 108. And in this case, I'm going to use ATA, that is, by and large, most common that we see for economic development. And that is direct financial assistance to for-profit companies.

So, I will collect that, and then I will go down to our next question, "Is this activity subject to Section 3?" I will click, "No." For our environmental review, we either have Completed or Exempt as our most common statuses. Some of the other activities, it is possible, they could be Underway when you get to that point.

But in this case, I will pick, "Completed," and that we don't need to put in our environmental review. And I will put my full loan to Smith Family for expansion of parking. And I will go ahead and save that.

At this point in time, it comes back to the top of the screen, and I get a green message that the new activity has been saved. If you did not enter all of the information that is required or if you entered something that is not expected, you will get a red message up here, and it will tell you what you need to address.

So, in this case, it was successful, and I do see that I now have an IDIS Activity ID of 1239. So that is important to note for later on as we get to the point that we're going to do a draw voucher. So now, I see when I scroll down to where the program is, that this loan is not ready to fund, and it is not funded.

It is not ready to fund because I have not added my CDBG detail. So, I'm going to click on the "Add CDBG," button, which will allow me to set up my proposed accomplishments, and my national objective. So, I know that this national objective based on my application, and what was approved is going to be low Low/Mod Jobs. So, I'm going to pick Low/Mod Jobs benefit.

And that the accomplishment type is going to be jobs, and that I am going to do a $100,000.00 loan to them. So, they're going to create one job this year and one job next year. So, I'm going to add in 2020 for the program year, and the proposed job count is one.

And then to get another year from my second year of proposed accomplishments, I will click the "Add Another Year," button. And when the screen refreshes, I can now enter 2021, and one. I can scroll down: I have to enter in my performance goals. This is to create economic opportunities for the objective, and the performance outcome is sustainability.

I now have to enter the address where this will take place. If this is a loan pool, and you are not going to track individual activities, you can typically put in the address of the actual entity that issues these loans. If it is going to a specific site only; so, if this was actually going to be just the Smith Family Loan in this loan, I could enter in their address.

In this case, I am going to go ahead and enter in the address for City Hall for the City of Frederick, and the state, and the zip code. At this point, I will try and validate the address. If it validates, you will see this question mark, go to

a green checkbox. And that is successfully validated.

And now, I can scroll down to the next set. If there's a special purpose, I can indicate that, if it's going to help prevent homelessness or help the homeless; if it's helping those with HIV/AIDS; or persons with disabilities, I can choose to change that from "No" to "Yes." And I can choose to associate this activity with another accomplishment for reporting.

This is not something that happens often with economic development activities. But it is something that could certainly happen if you were carrying this out in multiple phases. If you were using part of the loan to acquire property, and part of the loan to develop, for instance, a commerce mall, you may report some of the activity for phase one with phase two.

In which case, you would have two activities and you would put in the other activity that is being reported for the accomplishments. Then we have to tell the system the organization which is carrying out the activity. Is it being carried out by the grantee, either directly or through contractors? Yes, the City of Frederick is carrying out this loan pool. And then, how are they carrying it out: with grantee employees, with contractors, or a mix? We're going to say this is being carried out with a mix.

And then, is there a target area? You can choose if it's a CDFI, a local target area, other, or a strategy area? In this case, we are not going to select anything because it is not in a targeted area.

You can also click if it is an opportunity zone. If you click, if it's in an opportunity zone, it will bring up the census tracts. And you can scroll to the county, and you can add the census tracts that are identified as opportunity zones. But for simplicity, I'm going to turn that off.

We also have to declare if there are any special characteristics that apply to this loan. Is it in a presidentially declared disaster area? Is it in a historic preservation area? Is it in a brownfields area? None of those will apply in this case, and then also additional information, one-for-one replacement, any of those special activities that could apply. None of those will apply so we will click, "Save and Continue."

This brings us to our activity setup detail, page two. If you notice, I cannot click in the source of funds for CDBG and Section 108 Loan Guarantee. Those are locked at this point in time, that is normal. There is nothing wrong with that. We will get to that when we add the activity funding.

So, what we do have to put in for is the other HUD funds. Even if we're not using them, we still need to put in that there is going to be zero funds. There is no ESG, no HOME, no HOPWA. And then our other funds as well if you need to enter in a zero if there's no funding. So that will allow us to complete this.

We do not need to worry about the activity costs at this point, that will be totaled itself once we add the activity funding for the Section 108 Loan Guarantee. In some cases, you'll be doing leveraging of funds, but we're not going to worry about calculating the leverage on this.

And we're not going to be tracking the grants and loan assistance because the Section 108 is already a loan type. So, we do not need to enter in that information on the loans. So, we can now come down into the job retention.

This is where we need to put in our total of job counts. So, we know that we're going to create two jobs. So, we're going to create two jobs, and both of those jobs are going to be considered Full-Time Low/Mod jobs.

And there will be no part-time so we will put in zero hours for Part-Time, and zero hours for Part-Time Low/Mod. It's not going to retain any jobs, so we'll have to put in zero for that. And you must complete all these fields. And then we can save that, and it will now bring us back to our main screen again.

Now, we see that this activity is ready to fund So we can scroll down to our activity funding stage, click on, "Activity Funding," this will bring up our funding that's available. We see EN, PI, RL, and then we see our B-20 Loan for SL, and our B-19 Loan for SL.

I'm going to Add-Edit from the B-19 because that is the loan that I funded this with. And then I will enter in $100,000.00, and I will save this. And it is now changed to the funded amount of $100,000.00.

And I will return to the Add-Edit funding. I will now return to the Activity Edit. At this point, you now see that the loan is ready to fund, and it is funded. At this point, we're now ready to create our drawdown voucher.

 So, I will go up to Funding and Drawdown and click on that. And I will now create a voucher. I'm going to go to the Drawdown menu on the left-hand side, click, "Create and Voucher." Again, this is for Frederick, Maryland. And that I will enter in the activity ID; I know that it was activity 1339.

And I will search for that activity. And I will enter 1339; search for it, and that it is there. And that is the correct activity for the Smith Family Loan, so I am going to add that selected activity. Then I'm going to click, "Continue."

At this point in time, it brings up the information that we have in there, so I know it was Frederick. And I know it was funded at the amount of $100,000.00 And then I have the full $100,000.00 to draw, and I will enter in the draw amount of $100,000.00. I will go ahead and click, "Confirm the Voucher."

It will require me to put a LOCCS submission date, which is really, in fact, the voucher creation date. And I will go ahead and click the calendar; or you can type in the date. And we'll set that as the 26th of October, which is today.

And we will click, "Generate the Voucher."

At this point, the voucher has now been created, and I'm going to share control to my coworker, Marty Dubroff, who is going to function in the role of an approver at the grantee level. So, I'm going to share the control to Marty, and allow him to walk us through the process of approving the voucher at the approval level with the grantee.

So, Marty, whenever you are ready, please share your screen. At this point, Marty is going to go ahead and insert a voucher number. So, do we know the voucher number, Marty?

Marty Dubroff: No, send it over.

Scott Laliberte: Okay, hold on, let me pull it up really quick. So, we will need to send the voucher number. And that is Voucher number 6533014. So, Marty will go to the funding drawdown, and he will search the voucher, and then he has entered in the voucher ID. He will bring it up.

So, this brings up the Approval menu, so we will click on the action of, "Maintain and Approve." And then he will click, "Approve," to approve the voucher. He will enter in the approval date for the submission date, and slide down, and he'll click, "Approve This Voucher Line Item."

And at this point in time, this voucher is now approved at the grantee level, and it is now ready for HUD approval. We can see the line-item status, it says, "Pending HQ Approval."

And it is at this point that we will take a screenshot of this and send that to our office for approval along with providing the voucher ID in the event that the screenshot does not come through well. So, we will then be able to approve that voucher for you.

Okay, thank you, Marty. You can go ahead, and stop sharing your screen, and pass control back to me. I think you have to hit, "Escape," Marty, to jump out of the desktop to get to the sharing screen. And once you stop sharing, then you'll be able to control back.

Scott Laliberte: Okay I have control again, thank you. I'm going to share on my desktop again. And you are now going to see that I have logged in, I'm now logged in as the role of headquarters. And I have searched that voucher. And I will see that voucher.

And I will go ahead and approve that voucher from the headquarters level. And then I will put in a quick note that is approved. And I will approve that voucher. And that voucher is now approved.

I'm going to quickly switch back to the profile for Frederick. Now, if we look at that activity 1339, we can view it, and we will see that it is funded and

drawn. And if we pull up the activity funding on that, we will see that it is in fact, drawn now at $100,000.00.

So, the next item we're going to walk through is the receipt of program income on this loan. So, we know it is activity 1339, so we're going to be under Funding and Drawdown. I'm going to go to the left-hand side where we have receipt. We're going to add a receipt.

And again, we have to select our receipt type. In this case, it is receipt from a Section 108 Loan. So, I will click that option. It requests that I select the loan that it is associated with. In this case, it was funded with the B-19 Section 108 Loan so I will click that.

And that the activity ID is 1339. If you have an internal designation for grantee receipt number, you can enter that here. And then I'm going to receipt how much program income I receipt in. So, this is receipt, so I'm going to click, "Save," on that. And that will now be receipted.

And I now have a receipt number that I can reference, and that I see the information that's here. So, at this point, we just are coming up on a loan payment that is due November 1st. So, I can go ahead and add in a new project activity to show the use of these funds for repayments.

I'm going to go to Plans, Projects, and Activities. I'm going to add a new activity. Again, it's Frederick as the owner. I'm going to select the project. I know, and it's 2019, and this Project ID 17. I'm going to search that.

I'm going to select that project, so I know that this is interest repayment 121. And that, I will answer my questions for CDBG, "Is this to prevent, prepare for, or respond to Coronavirus?" "No," I'm going to change my answer to, "Yes," for, "Is it going to use Section 108 Loans?"

And then in this case, I know it is an interest payment so I'm going to make this 24A for the matrix code; that is payment of interest on Section 108 Loans. This activity is not subject to Section 3, and this activity is Exempt because it's administrative activity from environmental review.

And I will put the payment of interest for November 1. I will go ahead and save it. Now I see that I do not have to enter the CDBG Set Up information. It is grayed out because this is an administrative activity that does not require that. So, this activity is ready to fund.

So, I will slide down to the Activity Funding; click that button. Now, in addition to the other funds that I have, I now have SI fund types. And this $2,500.00 that I just receipted is actually available now as a resource. So, I want to add that funding so I will click on the "Add-Edit," for the appropriate row.

That allows me to fund this activity at $2,500.00 which is what we collected

for the interest payment. I will save this. It now shows that it is funded at $2,500.00, and that I have the activity ID of 1340, so I can go ahead and return to the Add-Edit funding, return to the Activity Edit.

And at this point, I can create my draw voucher. We are just about out of time so I will not create the draw voucher at this time. But the process will be the same as it was for the generating activity. And that we will go ahead, and create the activity voucher, and approve the activity voucher at the grantee level.

And then you will provide notification to our office, the Section 108 Office, that this voucher is pending HQ approval, along with a screenshot, and a voucher ID. And we will then be able to approve that and move forward. At this point, I'm going to bring up the additional resources that we have available to us.

And these slides, I believe, will be released with the video, eventually. And we will have some other supplemental materials like a copy of the CPD-17-04 Notice. And then some other resources that will, we diagram out our expected order of operations in IDIS.

So, these are the links that you can follow, and that you will get with the slide deck to allow you some more resources. And then if you have questions, you can reach out to our office. Our Director is Paul Webster. Our Deputy Director is Seema Thomas. Our Loan Origination Team Lead is Jorge Morales. And I am your Loan Management Team Lead, Scott Laliberte.

You can also e-mail questions to Section108@HUD.gov. And if you reach out to any of us for a question, we do ask that you also copy the Section 108 email address just because it increases the chances of a faster response. Because that is monitored by all of the staff in the Program.

With that, I want to thank you all for your time. And I see that we do have quite a few questions. We will be preparing a request and answer for that. And we actually have a request in the chat to do the draw and repayment again.

So, at this point in time, if folks want to stay, I will create the draw voucher for the repayments. And we can walk through that process again. So, I will share my screen. And I am still logged into IDIS, so I am under the Funding and Drawdown, and I will create a voucher.

So, at this point in time, I need to find the activity; I either have the activity ID, or I know what it is. In this case, it is 1440. No, I'm sorry, 1340, and but we will search for the activity. And just verify that that's what it is, then with the interest repayment activity that we just created. And it does have an open status.

And I'm going to add that selected activity. And then I will continue. And it

will ask me for the drawdown amount. So, I'm going to draw all $2,500.00 that I funded. And I'm going to click, "Confirm the Voucher." I need to put in the date of submission so I will submit that for today.

And I will click, "Generate the Voucher." It is now approved at the grantee level. So, we, we created it the grantee level, so we need to approve it at the grantee level.

So, at this point in time, I can share my screen or stop sharing my screen, and share control to Marty, again, and we will approve the voucher. And Marty, you should have control now. So, once you share your screen, we will go ahead, and search for the voucher.

So, we'll go to the funding drawdown, and then on the left-hand side for the drawdown menu, we will click, "Search Voucher." And this voucher ID is 6533015. And we'll go ahead and search for that. We see that the activity is, in fact, correct at 1340 for the ID, and the activity name is Interest Repayment 2021.

So, we will go to Maintain and Approve for the action, and we will click, "Approve," under the action. And we need to click the submission date, also we can use today's date; that's good. We can click, "Approve This Voucher Line Item," and we now see that that voucher is approved at the grantee level, and the line-item status says, "Pending HQ Approval."

So, at this point in time, we would take a screenshot of this status, and e-mail that screenshot along with the voucher ID to the Section 108 Office for approval of the voucher. So, at this point, we'll go ahead and jump back to that. So, Marty, you can stop sharing.

And I have one final item I want to show you. And I am pulling up the Project ID so once you've shared control back to me, I will share my screen again. And so, I'm going to share my screen, really quick, simply to show that I am under Plans, Projects, and Activities.

And I'm going to search for the project, and I'm going to pull up the project that we were working on. So that is project year, program year 2010, and Project ID 17. And I can see this economic development loan activity that we created, so I can view that. And that will show us the $6,000.00.

And if I view the activities that are associated with it, I see the original generating activity is the Smith Family Loan that was funded. And I also see the interest repayment activity that was created and funded. So that is both financial transactions that are associated with the Section 108 Loan all in one spot with the project.

So, at this point, we are running slightly over for time, but on behalf of the Section 108 Office, and the Office of Block Grant Assistance, I'd like to thank you all for your time.

And please, let us know if you have any questions. And we will be releasing these added resources, and the recording of this webinar in the next couple of weeks. Thank you all very much.