

APPALACHIAN REGIONAL COMMISSION

Report on the
Application of Agreed-Upon Procedures to the

BUSINESS DEVELOPMENT REVOLVING LOAN FUND PROGRAM

for the Period
April 1, 1990 to March 31, 1995

Report No. 95-12(H)
March 31, 1995

APPALACHIAN REGIONAL COMMISSION

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REPORT RELEASE RESTRICTION

This report may not be released to anyone outside the Appalachian Regional Commission without the approval of the Appalachian Regional Commission - Office of Inspector General, except to an agency involved in the administration of the program. Furthermore, information contained in this report should not be used for purposes other than the intended without prior consultation with the Appalachian Regional Commission - Office of Inspector General regarding its applicability.

INTRODUCTION

The Revolving Loan Fund (RLF) program was designed to help for-profit businesses in the Appalachian Region obtain financing from an institution that was willing to take a greater loan risk than area banks would be willing to take. The RLFs are designed to fill gaps in existing local financial markets and to provide or attract capital which otherwise would not be available for economic development. The primary goal of the Appalachian Regional Commission (ARC) Revolving Loan Fund program is private-sector job creation, job retention and capital formation.

PURPOSE

The purpose of the application of these agreed-upon procedures was to determine the efficiency and effectiveness of the Revolving Loan Fund program. To accomplish this we:

- Followed-up on prior OIG audit findings relating to RLFs;
- Identified project results;
- Identified program improvements; and
- Evaluated compliance with the program objectives and program oversight.

RLF PROGRAM OVERVIEW

Revolving Loan Funds are generally administered by Local Development Districts and other non-profit multi-county organizations within the Appalachian Region. As Grantees, they assume responsibility for approving and operating the loans. The loans are used for the purchase of buildings, equipment, machinery, inventory, and for working capital. Loans can be made to existing businesses or for the start-up of new businesses. The ARC RLF Guidelines set forth the basic operation of the program.

Once the Grantee has been approved for the RLF program, ARC obligates the grant funds, making them available for draw down, pending approval of loan applications. If a Grantee does not disburse all of the grant funds within 36 months from the date of approval, the remaining funds may be deobligated by ARC. ARC will fund no more than 50% of the borrower's proposed project, and the borrower must contribute, in owner's equity, at least 10% of the total project. Frequently, the additional project funding required is obtained from local banks. In all cases, the borrower must submit a loan application along with other information, which must be approved

by the Grantee's Loan Review Committee. During the first year of operation of the RLF, the Grantee must submit each loan application for ARC approval. After the Grantee has one year's experience in administering loans, the Grantee need no longer obtain ARC's approval for the loans it makes.

After the loan is approved, the Grantee draws down funds from ARC. The Grantee then enters into a loan agreement with the borrower and disburses the funds. The Grantee must maintain, in its files, all the required documents relating to the borrower and the loan. The Grantee also must submit to ARC the RLF Form documenting the loan made.

As the loan is repaid, the principal repayments are to be used to make new loans, and the interest and other program income may be used to cover reasonable and necessary administrative costs. Other program income includes loan servicing fees and application fees. If a borrower experiences financial difficulties, the Grantee can make special payment arrangements (e.g. payment deferrals) to help the borrower. The borrower should then be more closely monitored. The Grantee also maintains contact with all borrowers during the loan period to monitor the results of the project.

The Grantee submits a semiannual financial report to ARC, on a form provided by ARC. At this time, the Grantee is required to refund to ARC any excess cash (over 25% of the amount of loans outstanding) held for six months.

If the Grantee has loaned all the money available to it at ARC and needs funds for additional loans, it may request a recapitalization based on ARC's available funding. If these new funds are not disbursed within 36 months from the date of approval of the amendment authorizing the recapitalization, the funds may be deobligated by ARC.

ARC may terminate the RLF grant for various reasons, including insufficient loan activity, failure to comply with terms of the grant, and failure to adhere to the loan closing schedule. Otherwise, the Grantee continually recycles the funds into new loans.

Inspector General
Appalachian Regional Commission
Washington, DC

REPORT ON APPLICATION OF AGREED-UPON PROCEDURES

We have applied the procedures enumerated below to the Revolving Loan Fund Program by the Appalachian Regional Commission for the period April 1, 1990 through March 31, 1995. These procedures, which were agreed to by the Office of Inspector General of the Appalachian Regional Commission were performed solely to assist you in evaluating the overall efficiency and effectiveness of the Revolving Loan Fund Program.

We applied the following procedures to all Revolving Loan Funds for the period April 1, 1990 through March 31, 1995:

- ◆ Requested information from all grantees currently administering an ARC Revolving Loan including information relating to grantees loan status and any comments or recommendations about the Revolving Loan Fund program.
- ◆ Read and summarized all information received from grantees.
- ◆ Requested additional, more detailed information from grantees concerning the number of loans outstanding, status of loans, amount of loans, number of jobs created from the loans, and any defaults reported.
- ◆ Read and summarized this information from the grantees.
- ◆ Reviewed the ARC Revolving Loan Fund Guidelines.
- ◆ Reviewed the Economic Development Administration (EDA) Revolving Loan Fund Guidelines and compared them with ARC's Guidelines.

We applied the following procedures to six of the Revolving Loan Funds grants during the period November 1994 through March 1995:

- ◆ Performed site visits at six grantees in the states of Pennsylvania, Ohio, Maryland, North Carolina, and South Carolina.
- ◆ Held an entrance conference with each grantee to discuss the scope of our review work.
- ◆ Reviewed and summarized the RLF contract files at the Appalachian Regional Commission.
- ◆ Reviewed and summarized the RLF financial files at the Appalachian Regional Commission.
- ◆ Held discussions with the grantees' RLF Program Managers and related personnel about their views and recommendations for the RLF program.
- ◆ Reviewed the grantees' financial and programmatic records.
- ◆ Met with borrowers at each of the grantee sites and discussed how they became aware of the ARC loan program, the channels they used to obtain financing through ARC, and any difficulties they encountered in the loan process.

These agreed-upon procedures are substantially less in scope than an examination, the objective of which is the expression of an opinion on the financial statements of the RLF program. Accordingly, we do not express such an opinion.

Based on the application of the procedures referred to above, nothing came to our attention that caused us to believe that the accompanying exhibits are not presented in conformity with the RLF Guidelines. Had we performed additional procedures or had we made an examination of the financial statements of each Revolving Loan Fund, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Appalachian Regional Commission and the management of the individual Revolving Loan Fund programs and should not be used for any other purpose. Upon acceptance, however, this report is a matter of public record.

M. D. Oppenheim & Company, P.C.

Fairfax, Virginia
March 31, 1995

PRIOR AUDIT FINDINGS

A prior ARC OIG audit finding indicated that some Grantees were not making timely use of the funds obligated for the RLF program. In our follow-up of prior audit findings, we observed that ARC is now closely monitoring the Grantees' need for funds. Also, ARC Guidelines have been developed which establish procedures for the deobligation of excess capital. We observed several instances where funding, that was not being used timely, was deobligated. Also, any excess cash on hand held by the Grantee for longer than six months was returned to ARC, on a semiannual basis. Therefore, it appears that ARC has instituted adequate corrective action and this finding is resolved.

RLF PROJECT RESULTS

Our summary of the RLF project results provided by the Grantees, indicates that, as of March 31, 1995, the Revolving Loan Fund has helped create or retain approximately 16,361 jobs in the Appalachian Region. The amount of funding used to achieve this result is \$34,645,893 (see Exhibit C).

Our procedures also found that energy loans were the most efficient, creating one job for each \$1,753 loaned. Machinery/equipment loans and land/building loans were also quite efficient resulting in one job for each \$2,254 and \$2,076 expended, respectively (see Exhibit C). We also determined that loans made for less than \$50,000 created the best job/cost ratio. The average cost per job was \$1,778 (see Exhibit F).

Machinery and equipment loans had the lowest default rate at 5%, based on the purpose of the loan. This resulted from 14 loan defaults in relation to 291 loans made (see Exhibit D). We also found that the loans made for \$100,000 or more had the lowest default rate at only 4% based on dollar size (see Exhibit E).

OBSERVATIONS

OBSERVATION #1

Because ARC can contribute no more than 50% of the loan funding, banks are a primary source of additional funding for these loan projects. The ARC Revolving Loan Fund Guidelines state:

RLFs are not substitutes for conventional lending sources. Given the small size of the RLF program and the limited resources of each project, Revolving Loan Funds are not intended to match or replace the capacity of banks, investment houses, or other lending organizations. RLFs are designed to fill gaps in existing local financial markets and to provide or attract capital which otherwise would not be available for economic development.

A primary goal of ARC is to achieve the respect of and participation in financing with the banks in the Appalachian Region. ARC not only wants the banks to understand that it is **not** replacing commercial lending but that ARC is making available funding that would enable the banks to make additional loans than they would normally not be able to make.

During our site visits, we observed that in areas where the local banks were reluctant to participate, the RLF program was less than fully-utilized. However, where the local banks were educated on the project and were willing to participate with the Grantee, the programs were fully-utilized and the banks were looking to expand their loaning capability.

RECOMMENDATION

We believe that the Grantees should be responsible for demonstrating to ARC, before the RLF grant has been awarded, that the area banks are willing to participate and are enthusiastic about the program. We also believe that every effort should be made by the Grantees to continue to educate area banks and to promote this program, during the life of the RLF program.

OBSERVATION #2

Marketing is important to the RLF program to increase loan activity and generate program income. During our site visits, we examined marketing brochures which some RLF Grantees had prepared. These brochures were distributed to local banks, businesses, and the public. These gave the interested parties information about the requirements and benefits of receiving loan funds through the ARC RLF loan program. It also helped to get the banks involved in the program.

Without public and professional awareness of this program, it is difficult to make sufficient loans to maintain a viable program. Marketing also is a way of emphasizing to area bankers that this program does not replace their loan activities, but is a "financial tool" to help them make loans with less risk. Developing a marketing brochure to distribute to banks would help the Grantees make more timely use of the funds by increasing loan activity.

RECOMMENDATION

As marketing programs have been shown to be beneficial in increasing loan activity in those RLFs with marketing programs, we believe that all Grantees should be encouraged to submit a formal marketing plan to ARC for approval before they are allotted funding through the RLF program.

OBSERVATION #3

ARC has established procedures to enforce the refunding of any excess cash. The Semiannual Report is used to calculate the amount of any excess cash on hand at the Grantee. The cash is presumed to have been on hand for six months, since this procedure is performed every six months. However, this excess cash may have been on hand anywhere from less than one month to 12 months, which contradicts the Guidelines.

The ARC RLF Guidelines state:

RLF cash retained by the grantee in excess of 25% of the reported total loans outstanding and loans committed but not settled, may be retained for six months. After six months, the amount in excess of 25% must be refunded immediately to ARC

In order to comply with this requirement, the Grantee would need to be able to identify *when* the cash they had on hand became excess cash (as defined above) in order for them to determine when the six-month grace period expires. Because their cash balance and outstanding loan balance can change on a daily basis, it is impractical to keep track of how long they have held, and the amount of, any excess cash.

RECOMMENDATION

We believe that the Guidelines should be modified to reflect the actual procedures being followed, which are much more practical and which would maintain the same principle on excess cash.

OBSERVATION #4

Our consideration of program improvements included obtaining input from the Grantees on what they like about the program and areas for improvement.

Almost every Grantee who responded mentioned that the flexibility of the program is important and sets this program apart from other programs. Several indicated that the lack of certain requirements found in other programs and the simplicity in the administration of this program made the RLF easier for the Grantees to administer.

Almost half of the Grantees, who suggested improvements to the program, said the program should be expanded and more money should be made available. Several Grantees responded that they would like certain other kinds of loans to be allowed, including loans to different types of industries, different geographical locations, and loans to different types of entities. Several Grantees indicated that construction loans were not practicable because of the requirements under the Davis-Bacon Act. Also, several Grantees indicated that they would like the RLF to be even more flexible.

RECOMMENDATION

We believe the ARC should consider the Grantees' responses and look at ways to make the program more flexible and expand the program where possible, keeping in mind the goals of job creation, retention, and capital formation in the Appalachian Region. Some of these suggestions could be handled on a case-by-case basis, rather than drafting broad policies that apply to all Grantees.

OBSERVATION #5

During our field visits with the Grantees, we observed several instances in which the Grantees had developed successful approaches to some aspect of the RLF. Examples of these include the marketing brochures stated previously, a grants management system which automated the financial recording and reporting and which documented correspondence with the borrowers, a filing system to track of all the necessary loan documents, and the development of successful relationships with banks. Currently, there is no formal system for sharing information and ideas among the Grantees.

RECOMMENDATION

We recognize that not all of the ideas mentioned would be useful or practicable for every Grantee. However, we do feel that the combined knowledge and resources of the Grantees should be harnessed in a way that will benefit all Grantees, and ultimately, the RLF program. ARC should consider sponsoring a seminar or similar idea-exchange vehicle in which the Grantees would be able to share ideas and exchange information and work together to solve common problems.

PROGRAM OVERSIGHT AND COMPLIANCE

Our procedures included examining, on a limited basis, the financial and programmatic records and reporting of the Grantees, to see if adequate internal controls were maintained and to test for compliance with the ARC Code, the Grant Agreement, and applicable OMB Circulars.

Of the six Grantees in our sample, we did not observe any instances of noncompliance at three Grantees. However, at the three other Grantees, we did observe instances of noncompliance, including reporting inaccuracies, the appearance of conflict-of-interest, lack of an OMB Circular A-128 Single Audit Report, and unallowable costs charged to the program.

Of the 13 borrowers we visited, the number of jobs created or retained as reported to the Grantee appeared to be reasonable, based on our observation. Of the six Grantees we visited, all appear to be meeting the job/cost ratio established in their RLF Plan.

EVALUATION OF SELF SUFFICIENCY

ARC continues to recapitalize some of the Grantees. These recapitalizations are necessary because the Grantee does not generate loan principal repayments fast enough to be able to meet the demand for loans. One aspect of the RLF program is that it often provides borrowers with longer payment terms. Because of this, it takes the Grantees longer to build up enough funds for new loans. Therefore, we believe the continued recapitalizations help to expand the Grantees' lending capability and allow the program to have a larger impact in the area. Without the additional recapitalizations, the program would still survive, but the Grantees may not be able to meet the needs of the qualified borrowers in the area. The Grantee may experience long periods without making new loans while the payments on the prior loans trickle in. Although the program would probably survive, it might negatively affect the image of the RLF program and discourage banks and borrowers from participating in this program.

CONCLUSION

Based on our procedures, we believe the Appalachian Regional Commission Revolving Loan Fund is achieving the goals of job creation, retention, and capital formation in the Appalachian Region. We recognize that some problems exist and some improvements can be made.

Based on our procedures, the prior audit findings appear to be resolved. The timely use of funds is closely monitored and Guidelines have been established to deobligate funds when necessary.

The results of the RLF program indicate that 16,361 jobs have been created using \$34,645,893 of funding since the inception of the program (see Exhibit C).

There are several improvements we feel could be made to increase the efficiency and the effectiveness of the program. These include looking at all aspects of the program, such as bank participation, marketing, excess cash, flexibility of the program, and information sharing. The Grantees also had comments and recommendations about the RLF program. These recommendations are noted in Exhibits H and I respectively.

Based on our site visitations at six Grantees, with few exceptions, we believe that they have maintained good controls and accountability of the financial and programmatic records.

The recapitalization of this program at various Grantees is expanding the program and its impact on the economy of the Appalachian Region. Based on the overall default rate of six percent of loans (see Exhibit D), it appears that the recapitalizations are being used to fund new loans, and not to replace bad ones. With the additional recapitalizations, Grantees are able to keep pace with the demand for loans. At some Grantees, however, the demand for loans is not as great and the funding should be deobligated until it is needed. Because of the cyclical nature of economic conditions and other factors, it is difficult to estimate the amount of funding needed for all the eligible borrowers in a given area.

APPALACHIAN REGIONAL COMMISSION

REVOLVING LOAN FUND

EXHIBITS

APPALACHIAN REGIONAL COMMISSION
 GRANTEE REQUEST SUMMARY (as reported by Grantees)
 BY TYPE OF LOAN
 As of March 31, 1995
 (unaudited)

STATE	GRANTEE	# OF LOANS			AMOUNT OF LOANS			# OF JOBS			# OF DEFAULTS					
		M & E	L & B	WC	Energy	M & E	L & B	WC	Energy	M & E	L & B	WC	Energy			
Georgia	DCA	0	22	5	0	\$0	\$1,582,449	\$142,120	\$0	0	89	15	0	0	0	0
Kentucky	DLG	0	0	0	12	0	0	0	5,220,253	0	0	0	2,409	0	0	3
Maryland	TCCWM	9	7	12	3	372,688	587,500	526,000	65,000	72	92	99	26	1	0	1
Mississippi	NMPDD	1	27	1	2	35,000	2,416,113	50,000	150,000	14	1,614	15	303	0	3	0
Mississippi	ECRDD	3	0	0	0	188,000	0	0	0	61	0	0	0	0	0	0
Mississippi	TRPDD	8	16	1	0	660,588	1,250,972	74,700	0	126	794	33	0	0	2	0
New York	CCIDA	30	11	0	14	1,428,742	408,338	0	588,878	1,483	456	0	739	3	0	0
New York	BCIDA	45	20	1	11	1,953,300	950,435	50,000	468,500	602	338	10	308	4	2	0
New York	REDEC	15	7	9	8	966,703	439,700	444,580	255,885	287	276	137	70	0	2	0
North Carolina	SWNCPEDC	2	1	3	0	123,001	40,000	140,000	0	144	8	94	0	0	0	0
North Carolina	WPCOG	6	1	0	0	247,876	23,863	0	0	63	0	0	0	0	0	0
Ohio	BHVRDD	11	1	2	0	469,200	12,889	47,000	0	132	2	7	0	0	0	0
Ohio	OMEGA	7	3	7	0	308,500	97,600	268,200	0	34	11	43	0	0	0	0
Ohio	OVRDC	2	2	1	3	157,500	175,000	30,000	174,004	44	58	18	130	0	0	0
Pennsylvania	NWPARDPC	27	7	0	0	1,309,835	225,040	0	0	1,457	181	0	0	0	0	0
Pennsylvania	SEDACOG	26	5	1	1	1,704,500	273,000	50,000	100,000	663	220	0	22	0	0	1
Pennsylvania	UJLP	12	2	5	0	58,350	10,200	22,340	0	41	10	14	0	0	0	0
Pennsylvania	EOTC	1	0	2	0	4,000	0	10,600	0	1	0	3	0	0	0	1
Pennsylvania	NTRPDC	8	0	2	0	409,240	0	50,000	0	176	0	57	0	1	0	0
Pennsylvania	EDCNP	16	3	3	0	866,196	170,000	68,400	0	158	177	149	0	2	0	0
Pennsylvania	SAPDC	17	2	1	0	1,237,550	90,000	50,000	0	620	0	46	0	2	2	0
Pennsylvania	NCRPDC	22	0	0	0	1,609,350	0	0	0	251	0	0	0	0	0	0
Pennsylvania	SWPARDC	12	2	0	0	1,150,379	119,950	0	0	479	104	0	0	1	0	0
South Carolina	SCACOG	11	5	5	0	773,483	392,403	300,000	0	205	34	37	0	0	0	0
TOTAL		291	144	61	54	\$16,033,981	\$9,265,452	\$2,323,940	\$7,022,520	7,113	4,464	777	4,007	14	9	6

M & E = Machinery and equipment
 L & B = Land and building
 WC = Working capital

**APPALACHIAN REGIONAL COMMISSION
GRANTEE REQUEST SUMMARY (as reported by Grantees)
BY AMOUNT OF LOAN**

As of March 31, 1995
(unaudited)

STATE	GRANTEE	# OF LOANS			AMOUNT OF LOANS			# OF JOBS			# OF DEFAULTS		
		\$0-49,999	\$50K-99,999	\$100K+	\$0-49,999	\$50K-99,999	\$100K+	\$0-49,999	\$50K-99,999	\$100K+	\$0-49,999	\$50K-99,999	\$100K+
Georgia	DCA	13	11	7	\$332,879	\$676,375	\$745,315	35	36	33	0	0	0
Kentucky	DLG	0	2	10	0	165,000	5,055,253	0	0	2,409	0	1	2
Maryland	TCCWM	16	14	5	414,688	696,500	450,000	56	168	65	3	1	0
Mississippi	NMPDD	13	6	17	391,260	364,179	1,995,674	152	179	1,615	1	1	1
Mississippi	ECRDD	2	0	1	72,000	0	116,000	15	0	46	0	0	0
Mississippi	TRPDD	11	5	9	349,635	320,626	1,316,000	278	108	567	2	0	0
New York	CCIDA	30	25	0	804,217	1,621,741	0	670	1,026	0	1	3	0
New York	BCIDA	33	41	3	895,800	2,226,435	300,000	381	747	130	2	4	0
New York	REDEC	16	15	7	429,323	948,489	700,000	110	296	370	2	0	0
North Carolina	SWNCPEDC	3	3	0	98,001	205,000	0	142	104	0	0	0	0
North Carolina	WPCOG	5	1	1	119,489	50,750	101,500	27	25	11	0	0	0
Ohio	BHVRDD	10	3	1	264,089	165,000	100,000	43	74	24	0	0	0
Ohio	OMEGA	4	2	0	137,600	100,000	0	15	15	0	0	0	0
Ohio	OVRDC	2	4	3	46,431	290,073	500,000	25	115	790	0	0	0
Pennsylvania	NWPARDPC	17	13	2	458,340	731,535	300,000	575	746	313	0	0	0
Pennsylvania	SEDACOG	13	9	12	389,500	538,000	1,200,000	291	132	482	0	1	0
Pennsylvania	ULP	19	0	0	90,890	0	0	65	0	0	0	0	0
Pennsylvania	EOTC	3	0	0	14,600	0	0	4	0	0	1	0	0
Pennsylvania	NTRPDC	6	2	2	126,240	125,000	208,000	101	86	46	1	0	0
Pennsylvania	EDCNP	10	7	5	168,263	436,333	500,000	244	204	36	0	2	0
Pennsylvania	SAPDC	4	9	7	118,700	520,000	738,850	13	431	222	1	2	1
Pennsylvania	INCRPDC	3	12	7	106,500	752,850	750,000	11	113	118	0	0	0
Pennsylvania	SWPARDC	1	6	7	19,950	365,979	884,500	13	235	419	0	1	0
South Carolina	SCACOG	6	8	6	197,000	668,886	600,000	134	76	38	0	0	0
TOTAL		240	198	112	\$6,045,395	\$11,968,751	\$16,561,092	3,400	4,916	7,734	14	16	4

APPALACHIAN REGIONAL COMMISSION
Revolving Loan Fund Survey
JOBS CREATED/RETAINED BY TYPE OF LOAN
(As Reported by Grantees)
As of March 31, 1995
(unaudited)

TYPE	NUMBER OF LOANS	TOTAL AMOUNT LOANED	TOTAL JOBS CREATED/RETAINED	RATIO OF LOAN AMOUNT TO JOBS
Machinery & Equipment	291	\$16,033,981	7,113	\$2,254
Land & Building	144	9,265,452	4,464	2,076
Working Capital	61	2,323,940	777	2,991
Energy Related	54	7,022,520	4,007	1,753
TOTAL	550	\$34,645,893	16,361	\$2,118

See Accompanying Agreed-Upon Procedures Report

APPALACHIAN REGIONAL COMMISSION

Revolving Loan Fund Survey

DEFAULTS BY TYPE OF LOAN

(As Reported by Grantees)

As of March 31, 1995

(unaudited)

TYPE	NUMBER OF LOANS	DEFAULTED LOANS	DEFAULT RATE
Machinery & Equipment	291	14	5%
Land & Building	144	9	6%
Working Capital	61	6	10%
Energy Related	54	4	7%
TOTAL	550	33	6%

See Accompanying Agreed-Upon Procedures Report

APPALACHIAN REGIONAL COMMISSION
Revolving Loan Fund Survey
DEFAULTS BY LOAN AMOUNT
(As Reported by Grantees)
As of March 31, 1995
(unaudited)

LOAN AMOUNT	NUMBER OF LOANS	DEFAULTED LOANS	DEFAULT RATE
\$0 - \$49,999	240	14	6%
\$50,000 - \$99,999	198	16	8%
\$100,000+	112	4	4%
TOTAL	550	34	6%

See Accompanying Agreed-Upon Procedures Report

APPALACHIAN REGIONAL COMMISSION
Revolving Loan Fund Survey
JOBS CREATED/RETAINED BY LOAN AMOUNT
(As Reported by Grantees)
As of March 31, 1995
(unaudited)

LOAN AMOUNT	NUMBER OF LOANS	TOTAL AMOUNT LOANED	TOTAL JOBS CREATED/RETAINED	AMOUNT LOANED PER JOB
\$0 - \$49,999	240	\$6,045,395	3,400	\$1,778
\$50,000 - \$99,999	198	11,968,751	4,916	2,435
\$100,000+	112	16,561,092	7,734	2,141
TOTAL	550	\$34,575,238	16,050	\$2,154

See Accompanying Agreed-Upon Procedures Report

APPALACHIAN REGIONAL COMMISSION
Revolving Loan Fund Survey
AMOUNT OF LOANS PER JOB CREATED/RETAINED
(As Reported by Grantees)
As of March 31, 1995
(unaudited)

STATE	GRANTEE	AMOUNT OF LOANS	# OF JOBS	RATIO OF AMOUNT LOANED PER JOB
Georgia	DCA	\$1,724,569	104	\$16,663
Kentucky	DLG	5,220,253	2,409	2,167
Maryland	TCCWM	1,551,188	289	5,367
Mississippi	NMPDD	2,651,113	1,946	1,362
Mississippi	ECPDD	188,000	61	3,082
Mississippi	TRPDD	1,986,260	953	2,084
New York	CCIDA	2,425,958	2,678	906
New York	BCIDA	3,422,235	1,258	2,720
New York	REDEC	2,106,868	770	2,736
North Carolina	SWNCPEDC	303,001	246	1,232
North Carolina	WPCOG	271,739	63	4,313
Ohio	BHHVRDD	529,089	141	3,752
Ohio	OMEGA	674,300	88	7,663
Ohio	OVRDC	536,504	250	2,146
Pennsylvania	NWPARDPC	1,534,875	1,638	937
Pennsylvania	SEDACOG	2,127,500	905	2,351
Pennsylvania	ULP	90,890	65	1,398
Pennsylvania	EOTC	14,600	4	3,650
Pennsylvania	NTRPDC	459,240	233	1,971
Pennsylvania	EDCNP	1,104,596	484	2,282
Pennsylvania	SAPDC	1,377,550	666	2,068
Pennsylvania	NCRPDC	1,609,350	251	6,412
Pennsylvania	SWPARDC	1,270,329	583	2,179
South Carolina	SCACOG	1,465,886	276	5,311
TOTAL		\$34,645,893	16,361	\$2,118

See Accompanying Agreed-Upon Procedures Report

APPALACHIAN REGIONAL COMMISSION
Revolving Loan Fund Survey
SUMMARY OF GENERAL VIEWS ABOUT RLF'S
As of March 31, 1995

COMMENTS REPORTED BY GRANTEES

- “Rigorous application process”
- “Guidelines and administration are good”
- “Program is flexible”
- “Program is stable”
- “Program is uncomplicated”
- “ARC is responsive”
- “Fewer reporting requirements is good”
- “No match requirement is good”
- “Ability to loan to service and retail businesses”
- “Tight oversight of program; well monitored”

APPALACHIAN REGIONAL COMMISSION
Revolving Loan Fund Survey
SUMMARY OF RECOMMENDATIONS ABOUT RLF'S
As of March 31, 1995

RECOMMENDATIONS REPORTED BY GRANTEES

- “Continue providing recapitalizations; set aside more RLF money at ARC”
- “More flexibility and less regulation”
- “More high risk, low security start-ups”
- “Broaden borrower base”
- “Broaden purpose of loans to include working capital”
- “Increase amount of money Grantees can request in a fiscal year”
- “Expand the program”
- “Allow loans to adjacent counties, if it benefits ARC counties”
- “All federal RLFs should use the same forms”
- “Eliminate audited financial statement requirement of borrower”
- “Change regulations to allow loans to industrial development corporations”
- “Allow loans to service businesses; make funds available for equity”
- “Allow job/cost ratio to be modified”
- “Emphasize women participation”
- “More working capital funds”
- “Eliminate Davis-Bacon Act”
- “Allow repaid principle to lose federal identity”