

**Town of Lisbon  
RLF Program  
Financial Procedures**

The following is the policy and procedure used once the loan closing is complete.

**FILINGS:**

- UCC and Registry of Deed filings will be completed by the Economic & Community Development (ECD) office or Town Attorney.
- All UCC filings will be tracked and a renewal filing will be completed every five years otherwise the UCC filing will terminate.
- Once a loan is paid in full, the ECD office will initiate a termination and discharge of any UCC and Registry of Deed filings.

**LOAN FILE MAINTENANCE:**

- A complete file will be created for the loan information in accordance with grantor and town auditor requirements.
- Personal financial statements, Federal Income Taxes and proof of current and adequate insurance coverage for the applicant's must be submitted annually as required.

**LOAN ACCOUNT:**

- An account will be set up which will include applicant information, the loan terms and amortization information. (ECD Office or Finance Office)

**LOAN INVOICES/PAYMENTS:**

- Loan payment coupons will be given to the applicant prior to the first payment due to use for the duration of the loan. (ECD office)
- When the payment is received the payment will be properly allocated to the loan account (ECD office) and then given to the counter employees to post as cash received. It will then go through the channels for deposit as other normal cash receipts.

**TRANSFERS BETWEEN LOAN ACCOUNTS:**

- Any transfers made between any of the loan accounts will be approved and signed by the ECD Director with a detailed explanation attached to the transfer request. The transfer request will also be signed by the Town Manager.

**PURCHASE ORDERS:**

- Purchase orders will be executed for any and all disbursements made from all the loan programs with specific details included. All PO's will be signed by the ECD Director all PO's exceeding \$500 will be approved by the Town Manager.

**RECONCILIATION OF LOAN ACCOUNTS:**

- The Finance Director will reconcile the loan bank accounts each month and generate a reconciliation report for the ECD Director.

**REPORTING:**

- A quarterly report of all individual loan activity and loan bank accounts will be prepared by the ECD Director for the Town Manager and Town Council.
- An annual report will be completed as required for the IRP program.
- A semi-annual report will be completed for the FAME program.

**AUDITING:**

- A yearly audit will be conducted by an independent contractor in conjunction with the annual town audit. The audit reports will be sent to IRP and FAME as required once available.
- A Civil Rights Compliance audit will be conducted by IRP as necessary. The Finance Department and the ECD office will keep necessary documentation as required.

**CHECK SIGNING AUTHORITY:**

- All checks drawn on any loan accounts will be signed by either the Town Manager or Finance Director. Any checks over \$1,000 will be signed by both the Town Manager and Finance Director.

**YEARLY REQUIREMENTS:**

- IRS Form 1098 will be filed annually as required.
- An annual budget will be submitted to IRP.
- Yearly administrative fees (1%) will be paid to IRP and FAME.
- All active loan participants will be required to submit copies of taxes, personal financial statements and proof of current and adequate insurance for the applicant's file as required.
- A yearly audit will be conducted by an independent contractor. The audit reports will be sent to IRP and FAME as required.

**DELINQUENT LOAN & COLLECTION PROCEDURES:**

- All loan accounts that have not had any payment activity during a thirty (30) day period or those loans that are thirty (30) days in arrears.
- The Town of Lisbon as the Administrator of the RLF will provide its best effort to collect all monies lent under the RLF program.
- If the applicant is more than 30 days in arrears he must notify the town of a plan to become current, which must be approved by the town.
- The Town of Lisbon will monitor the monthly repayment activity of all outstanding loan accounts and initiate normal collection procedures, i.e. notice for payments, collection calls and other legal means necessary to collect the outstanding debt. When normal procedures fail to produce the desired results the account will be turned over for legal action and pursued to a conclusion. All legal fees and any other fees associated with collection procedures will be the sole responsibility of the applicant.
- Failure to meet any of the terms and conditions of the loan may result in an increase in the interest rate of up to seven points above the prevailing prime rate.