

X. Modification and Default

LOAN MODIFICATION

The terms of a fully executed Loan Agreement will not be modified in any respect, except upon the written agreement of all parties thereto. Modification of loan terms is within the authority of the CDBG Commission taken at a scheduled and publicly noticed meeting of the Commission. As of June 2024, Dane County does not forgive loans.

Borrowers seeking any modification of the Loan Agreement must contact Dane County CDBG/RLF staff, and provide a loan modification request in writing. Dane County CDBG/RLF staff will direct the borrower to provide:

- A formal letter of intent requesting a loan modification, which includes the requested payment amount and plan.
- New loan application. CDBG/RLF staff may ask for specific documents within, or in addition to, the loan application. ~~re-application information~~

Dane County CDBG/RLF staff have the discretion to approve a temporary loan modification for up to 6 months, or until the CDBG Loan Review Team (LRT) subcommittee approves the loan modification. Loan modification requests that exceed 6 months must be approved by the LRT and the Dane County CDBG Commission. ~~as directed by the Dane County CRLF staff at least fifteen (15) days prior to the date on which the modification request is scheduled to be heard by the CDBG Commission/CRLF Loan Review Subcommittee.~~Incomplete re-applications will not be ~~placed on an agenda~~considered.

Borrowers requesting a loan modification for more than 6 months will be charged a percentage the full cost of for the costs of underwriting, special meeting fees, staff time, and all other County expenditures, which the County, at its sole discretion, determines to be attributable to the modification request. ~~This special meeting fee~~The fee shall not exceed \$500.00 and is due and payable in certified funds five (5) days prior to the meeting date at which the modification request is on the ~~Loan Review Subcommittee~~CDBG Commission meeting agenda. Failure to pay the full costs, and/or to pay timely, will result in deleting the item from the agenda and/or meeting cancellation by the Commission Chairperson.

NOTICE OF DEFAULT

In the event the Borrower is in default as defined by the Loan Agreement the Dane County Corporation Counsel, or designee, shall prepare a written Notice of Default and mail such Notice to the Borrower. The Notice shall specify the following:

- The event and date of the alleged default.
- The action required to cure the default.
- A date, not less than ten (10) days from the date of the Notice of Default for monetary default and thirty (30) days from the Date of Default for non-monetary default, by which the default must be cured to avoid foreclosure or other collection action.
- Any penalties incurred as a result of the default.

LATE PAYMENT PENALTY

A late payment penalty in the amount of up to \$200 for any portion of the monthly payment that is more than 15 days past due from the regular due date specified in the Loan Agreement shall be assessed and payable on the 16th day after the applicable monthly due date. The borrower may request in writing to have these fees added to the balance of the loan. The same process used to collect the monthly payment will be used to collect any late penalties.

MONETARY DEFAULT

When any CRLF loan payment is five (5) days or more past due, the loan is in default. Dane County Corporation Counsel or designee will notify the Borrower in writing of the default status. The County reserves the right to pursue all rights and remedies under the loan documents and applicable federal and state law to collect loan amounts outstanding. These options include, but are not limited to: securing a new loan payment plan approved by the borrower and CDBG; turning collection of the loan over to a collection agency; imposing late payment penalties and higher loan repayment interest rates, in addition to and not in lieu of any other remedy; and declaring the loan in default.

Should the loan be declared in default, the account will be turned over to the Corporation Counsel for legal action in order to recover the proceeds through whatever collections action the Corporation Counsel deems appropriate including, but not limited to, the liquidation of collateral and the exercising of personal guarantees.

FAILURE TO CREATE AND/OR RETAIN JOBS

If any Borrower shall fail to create and/or retain the jobs required by the Loan Agreement, the Borrower shall be subject to fines for non-performance, as well as, any other penalty provided in the Agreement.

The Dane County ~~CRLF/CDBG~~CDBG/RLF staff shall report to the CDBG Commission regarding all loans in default as soon as practicable and without delay. Defaults shall be placed on the agenda of the next regularly scheduled Commission meeting, except that amendment of a noticed meeting agenda shall not be made less than 24 hours (excluding weekends and holidays) before the scheduled meeting date.