



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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Division of Housing
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POLICY: ED 07-2013

TITLE: New Loan repayment

EFFECTIVE DATE: July 1, 2013

OVERVIEW:

Description: New loans to businesses by Units of General Local Governments (UGLG's) as a result of a Community Development Block Grant (CDBG) by the Division of Housing will contain a repayment schedule.

Purpose: On July 1, 2011, the former Department of Commerce was abolished and the CDBG program formally transferred to the Department of Administration – Division of Housing (DOH). The DOH entered into an administrative agreement with the Wisconsin Economic Development Corporation (WEDC) to perform certain administrative tasks related to the CDBG program specifically related to Economic Development, Public Facilities, Public Facilities for Economic Development, and Planning grants. On July 1, 2013, all of the administrative tasks related to CDBG transitioned to DOA.

Policy:

- Upon a CDBG – Economic Development grant award to an UGLG, the UGLG will enter into a separate loan agreement with the business, or a grant agreement with an approved 105(a)(15), who will enter into the loan agreement with the local business.
- Loans made with funds from CDBG awards granted after July 1, 2013, shall contain repayment language.
- The interest rate for new CDBG loans shall be 1 percent, with a maximum repayment period of 5 years. Extensions greater than 5 years shall be made only after the project has met performance measures, and at the discretion of the Division Administrator.
- DOH shall be notified, review and approve all requests for payment deferral on loans, loan restructuring, and amending performance periods for any grant agreements executed both pre and post July 1, 2013.

- DOH shall be notified within 60 days after a late payment from a business on a loan.
- Loans are considered in default after 90 days and collection activity shall commence with the Unit of General Local Government, or 105(a)(15). That documentation shall be made immediately available upon request to the DOH.
- The DOH retains the right to re-assign loans originated with CDBG funds back to the State at any time.
- The DOH shall refer loans requiring formal collection activity to the Wisconsin Department of Justice for collection enforcement.