



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary
Division Administrator

POLICY #: ED 07-2013

TITLE: New Loan Repayment

EFFECTIVE DATE: July 1, 2013
Updated: February 1, 2019

OVERVIEW

Description

This updated policy provides guidance on implementing the CDBG-CLOSE program relative to existing loans issued by Units of General Local Government (UGLG's) as a result of a Community Development Block Grant for Economic Development (CDBG-ED). ED 07-2013 applies to all CDBG-ED awards issued by the Division of Energy, Housing and Community Resources (DEHCR) or its predecessor organizations the Division of Housing or the Department of Commerce.

Purpose

Upon implementation of CDBG-CLOSE, DEHCR will no longer issue CDBG-ED awards as loans to UGLG's; all future CDBG-ED awards will be in the form of grants to UGLG's. However, UGLG's that choose to continue to service existing loans under the CDBG-CLOSE program must adhere to all contractual obligations as well as ED 07-2013 as updated. In the event of conflict between executed contractual agreements and ED 07-2013, contractual agreements shall override ED 07-2013.

POLICY:

1. For all CDBG – Economic Development awards to an UGLG prior to February 1, 2019, the UGLG will enter into a separate loan agreement with the business.
2. Loans made with funds from CDBG awards granted prior to February 1, 2019, shall contain repayment language.
3. The interest rate for CDBG-ED loans executed prior to February 1, 2019 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 identified performance measures, and at the discretion of the Division Administrator.
4. DEHCR shall be notified, review and approve all requests for payment deferral on loans, loan restructuring, and amending performance periods for any grant agreements executed prior to February 1, 2019.
5. Loans are considered in default after 90 days and collection activity shall commence with the Unit of General Local Government. That documentation shall be made immediately available upon request to DEHCR.