

County of Oswego Industrial Development Agency
Delinquent Loan Policy
Revised: September 9, 2011

Purpose

In an effort to maintain control over the loans provided by the County of Oswego Industrial Development Agency and to ensure proper monitoring and compliance with loan terms and conditions, the IDA establishes this delinquent loan policy. This policy is intended to provide the IDA staff with a protocol for the collection of past due amounts but also provide a certain degree of flexibility as individual circumstances may dictate.

Procedure

Should a loan fall behind, the following protocol will be followed by the administrative staff of the IDA:

A. List of Delinquent Loans

The Administrative Secretary will provide the Chief Financial Officer (CFO) with a list of all loans that are thirty (30) days past due, indicating the date the last payment was received. This procedure will be completed as soon after the first of each month as possible. A copy of this list will also be provided to the Administrative Coordinator.

B. 30 Days Past Due

The CFO will attempt to contact the borrower by phone after receiving notice of the delinquent loan payment(s). The phone call will be followed by the First Letter from the CFO. (Attached)

C. 60 Days Past Due

In the event no payment(s) have been received in response to the First Letter, the Second Letter from the CFO will be sent. (Attached). Prior to sending the Second Letter, the CFO will attempt to contact the Borrower by phone in an effort to resolve the delinquency. The Second Letter will be copied to IDA legal counsel and to the CEO of the IDA.

D. 90 Day Past Due

Should 90 days pass without a payment or other arrangement worked out to the satisfaction of IDA staff, the Administrative Coordinator will notify IDA legal counsel who in turn will provide the borrower with the Third Letter. (Attached). It is hereby the policy of the IDA Board to authorize legal counsel to notify the borrower of legal action in the event repayment arrangements are not offered by the borrower.

E. Legal Action

(i). After consultation with the IDA staff and legal counsel, the IDA Board will be presented with recommendations regarding the use of legal action to enforce the loan terms. Such action could range from continued communications with the borrower to declaring the loan in default and commencing an action to recover the loan amount (i.e. foreclosure, order of attachment, etc...) The IDA Board will adopt a resolution directing the appropriate action under the circumstances presented.

(ii). In the event legal action is authorized, it is the policy of the IDA Board to seek settlement with a delinquent Borrower or a judgment against the Borrower that includes the past due amounts, together with interest, as well as the costs of litigation including, but not limited to, filing fees, service fees, and other related costs, as well as attorneys fees.

F. Collection/Enforcement of Judgment

It is the policy of the IDA Board to obtain a money judgment against all delinquent Borrowers when settlement of the loan default cannot be achieved. In that event, the IDA Board shall review each judgment and thereafter make a determination to retain outside legal counsel to pursue collection against a judgment debtor, including any available enforcement actions. The fees to pay outside legal counsel will be paid from the amounts collected against the judgment debtor and in accordance with any engagement letter offered by the outside legal counsel.

Reviewed and Approved:
September 9, 2011
County of Oswego IDA
Audit Committee
IDA Board