



## LOAN COLLECTION POLICY

The Summit Combined Housing Authority (SCHA) in its regular course of business provides down payment assistance loans to individuals within Summit County. These loans are evidenced with a Note containing the Borrower's promise to repay the debt, and are secured by a Deed of Trust recorded against the property. The Note and the Deed of Trust also contain a listing of events that upon happening will constitute a default by the Borrower.

It is in the best interests of the SCHA to monitor payment performance and adherence to other provisions in order to protect its financial interests and to preserve the intent of these loans.

For the purposes of this collection policy, the singular terms Borrower, Borrower's, etc. shall mean all parties listed on the Note and the Deed of Trust.

### DEFAULT DEFINED

Failure to make payments – payments not received within 90 days from the due date as evidenced by the Note in favor of SCHA are considered defaulted.

Failure to comply with other provisions – upon receipt by the SCHA of evidence that any other provisions of the Note and/or Deed of Trust have been violated, it shall be construed as a default by the Borrower.

### REMEDIES

Per the terms of the Note and Deed of Trust, the following remedies may be exacted upon the Borrower by the SCHA:

Late Charge(s) - \$35.00

Non-Sufficient Funds Charge(s) - \$35.00

Default Interest Rate of 6%

Non-Judicial Foreclosure

### ENFORCEMENT

Failure to make payments – Monthly monitoring of the Aging Report as created by the loan servicing system will identify the following:

5 days past due

\$35.00 late charge assessed.

30 days past due

\$35.00 late charge shown on next billing statement;

Phone call placed to Borrower reiterating due date, late charge imposed, next payment due, and providing information on housing counseling agencies.

45 days past due

Delinquent Account Letter sent to Borrower's most recent mailing address on file.

60 days past due



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Delinquent Account Letter sent to Borrower's most recent mailing address on file;

\$35.00 late charge assessed and shown on next billing statement;

Late payment may be reported to credit reporting bureau(s);

Phone call placed to Borrower requesting immediate contact to make payment arrangements and offer assistance in contacting a housing counseling agency.

### 90 days past due

Notice of Default Letter sent to Borrower's most recent mailing address on file;

\$35.00 late charge assessed and shown on next billing statement;

Default interest rate of 6% initiated on outstanding balance;

Late payment may be reported to credit reporting bureau(s);

Phone call placed to Borrower requesting immediate contact to make payment arrangements and offer assistance in contacting a housing counseling agency.

### 120 days past due

\$35.00 late charges shall continue be assessed monthly until cured;

Second Notice of Default letter sent to Borrower's most recent mailing address on file;

Staff meeting held to discuss attributes of the Borrower, the outstanding debt, the remedies available, and enforcement options, with findings to be presented to the SCHA Board of Directors.

If there is no contact made by the Borrower for satisfactory payment arrangements, legal action may be initiated to secure a judgment; judgment shall be recorded immediately.

In the event that the Borrower agrees to and provides for payment arrangements or deferral arrangements, executed and written acknowledgement of such shall be maintained in the loan file; subsequent default may result in immediate foreclosure proceedings.

In the event foreclosure is recommended, the loan file will be forwarded to the SCHA attorney with a request to initiate foreclosure proceedings.

Copies of all correspondence shall be kept in the Borrower's file.

Failure to comply with other provisions – Whether through the regular course of business, or information received from a third party and verified as true and correct by SCHA personnel, it is determined that a Borrower is non-compliant with any of the other provisions in the Note and/or Deed of Trust, the following procedures will be implemented:

Immediately



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Letter of Demand / Notice of Default along with a copy of the Note and Deed of Trust will be mailed (certified delivery, return receipt requested) to the Borrower's most recent mailing address on file; demand letter will require payoff within 30 days; each default will be handled on a case-by-case basis, with consistency being the key;

A copy of the above items will be delivered to the property address (or management agency if on site);

A copy of the above items will be delivered to the Town or County Manager where the subject property is located, informing them of the nature of the default and the actions being taken by the SCHA to remedy.

### Next Three Weeks

One phone call per week placed to Borrower notifying of the default, of Letter of Demand / Notice of Default, and requesting immediate contact to resolve the default

### Week Four

Executive meeting of the SCHA Board of Directors shall be called to discuss attributes of the Borrower, the outstanding debt, and the nature of the default and enforcement options.

In the event the Board of Directors agrees to allow the default to exist without remedy, a written agreement between the SCHA and the Borrower will be executed listing the terms and conditions that the default is allowed to exist under.

In the event foreclosure is recommended, the loan file will be forwarded to the SCHA attorney with a request to initiate foreclosure proceedings.

Upon notice of the completion of a foreclosure sale by a senior lien holder, the SCHA may file for a deficiency judgment subject to approval from the Board of Directors.

Copies of all correspondence shall be kept in the Borrower's file.