

### **Default process for the Energy Repayment Loan**

1. The Regional Homes and Loans Manager may where there is a default in loan repayments impose a Default Charge which will be added to the loan amount outstanding to cover the cost of informing the client by letter, and discussing the implications and options. The Default Charge will be £15.
2. The Regional Homes and Loan Manager may impose a Default Charge for each Default Occasion. A Default Occasion is a missed payment, where no notice is given and where we have to contact the client, or where, having given notice, the client is subsequently uncooperative, forcing the Homes and Loan Service to take additional action. However where the service has incurred additional necessary legal costs through, for example, the service of Notice, the Regional Loans Manager, may impose a Default Charge, which is not restricted the £15 and which reflects the cost in officer time and third party costs.
3. Loans will be closely monitored to identify early problems. Client liaison will be undertaken from the first default on payment by:-
4. Phone calls, emails and messages to the client. All of this is confirmed by letter itemising the arrears with dates, amounts, and the consequences of continued default;
  - If necessary a face to face interview is undertaken.
  - Remedial action which may be taken includes:-
  - Extending the term of the loan;
  - Extending the loan term and reducing the monthly repayments;
  - Referral for debt advice;
  - Recovering the loan under the terms of the Legal Charge when the property is finally disposed of.
5. In the event that the outstanding loan, including any accrued Default Charges, were to be recovered under the terms of the Legal Charge, in order to protect the current value of the loan, an annual interest charge would be placed on the debt at 4% of the debt per annum from the point at which the last missed payment occurred, and compounded annually.

6. The Regional Loans Manager would determine the action to be taken in the event of default, taking into account the circumstances of each case.
7. Where the money is not regional money but provided by the Council then York Council having regard to advice by the Regional Loans Manager will make these decisions.