

MEMO

TO: Joint Legislative Audit Committee

FROM: Shelly Braun, Senior Vice President, Credit & Risk

RE: JLAC Loan Portfolio Report

CC: WEDC Board of Directors, Awards Administration Committee

DATE: January 28, 2022

As part of LAB Report 17-9, WEDC was provided the following recommendation.

We recommend WEDC: a) determine the total outstanding loan balance and the total amount of past-due repayments for each loan with repayments 90 days or more past due on July 1, 2017 and January 1, 2018; b) determine the total outstanding loan balance for each of those loans that were amended to defer repayments, written off, or forgiven during each six-month period thereafter; c) determine each of those loans that was no longer 90 days or more past due during each six-month period thereafter because the recipients made loan repayments; d) determine the payment delinquency rate and the principal delinquency rate on July 1, 2017, and six months later and on January 1, 2018 and six months later; and e) report this information to the Joint Legislative Audit Committee by February 1, 2018, for the six month period from July 2017 through December 2017 and by August 1, 2018 for the six month period from January 2018 through June 2018.

As part of LAB Report 19-6, WEDC was provided the following recommendation.

We recommend WEDC: a) beginning on July 1, 2019, and every six months thereafter, determine the remaining balance and the total amount of past-due repayments for all loans 90 days or more past due; b) determine the remaining balance for all of these loans that were amended to defer repayments, written off, or forgiven from July 2019 through December 2019, and then during each six-month period thereafter; c) determine the remaining balance for all of these loans that were no longer 90 days or more past due during each six-month period because the recipients made loan repayments; d) determine the payment delinquency rate and the principal delinquency rate on the first and last day of each six month period; and e) report this information to the Joint Legislative Audit Committee by February 3, 2020, for the six-month period from July 2019 through December 2019, and then report this information every six months thereafter.

Attached is a report which complies with LAB's recommendations for the semi-annual periods ending December 31, 2017, June 30, 2018, December 31, 2018, June 30, 2019, December 31, 2019, June 30, 2020, December 31, 2020, and June 30, 2021 which have been previously submitted. In addition, WEDC is providing a report for the semi-annual period ending December 31, 2021. Beginning with the June 30, 2019 report, WEDC has added columns for outstanding interest and total remaining balance (i.e. principal plus interest).



WEDC, in creating this report, has broken it out into two sections, as described below:

- 1) <u>WEDC Loan Portfolio Delinquency Rates</u> Provides WEDC's loan delinquency rates for the defined semi-annual period, based on both:
 - a. payments due balance and
 - b. principal outstanding balance
- 2) Reasons for the Change in Loan Delinquency Balance Provides a reconciliation of WEDC's Delinquent Loan Balance during the semi-annual period, broken out by the following categories:
 - a. Loans that have come current or were paid-off in full

Loans that have become current during the semi-annual period by making all required payments to-date, or loans that have been paid-off in full.

b. Loans that have been amended

Loans that have been taken off the delinquent list as an amendment to the note was negotiated to defer payments to a later date, while either amortizing interest or requiring interest only payments in the interim.

(In cases where an amendment has been entered into and the loan was taken off the delinquent list, but the new amended payment start date has passed, the loan is again placed on the delinquent list. If this occurs in the same semi-annual period, the loan will be accounted for as both a loan that has been amended and a new loan that has become delinquent.)

c. Loans that have been forgiven, per contract, in full or in part

Loans that were originated with the intention of being forgiven when specific performance benchmarks have been reached.

(In some cases, a forgivable/performance-based loan may not be fully forgiven. In those instances, the unforgiven portion is either paid back in full, or an amended amortization schedule is agreed to.)

d. Loans that have been written off, in full or in part

Loans that have been written off. Loans originated by the Department of Commerce are sent to the Department of Justice for collection proceedings. Collections for loans originated by WEDC are internally managed with the assistance of outside legal counsel.

(In some cases, a loan may be written off when it has not come fully past due. This will be represented in the report by marking the loan as delinquent and the same loan will be taken off and categorized as a write off in the same period)



e. Loan partial payments made on delinquent loans

Loans that have made some form of payment but have not caught up all their payments to remove them from the delinquent loan list. This amount represents the principal and, beginning with the June 30, 2019 table, the accrued interest reduction of those payments.

f. New loans that have become 90 days delinquent

Loans that have become delinquent during the semi-annual period and have remained delinquent through the period end date.

(In cases where a loan had both become delinquent and was subsequently been taken off the delinquent list in the same semi-annual period, the loan will be accounted for as both a new loan that has become delinquent and a loan that has been taken off the delinquent list due to one of the category reasons described above in 2a through 2d.)

g. Interest accrued on delinquent loans in period (beginning with the June 30, 2019 table)

Total interest accrued on the outstanding delinquent loans during the semi-annual period.



Delinquent Loans as of December 31, 2018

ionomic Development								
		WEDC Loa	n Portfolio D	elinguency	Rat	es		
				. ,				
	Payment Delinquency Rate		Principal Delinquency Rate					
Date	Por	tfolio Principal	Amount Percentage		Amount		Percentage	
January 1, 2018	\$	70,321,357	\$ 2,301,760	3.3%	\$	12,850,090	18.3%	
June 30, 2018		54,890,501	3,028,193	5.3%		10,040,676	18.3%	
Change	\$	(15,430,856)	\$ 726,433	2.0%	\$	(2,809,414)	0.0%	
R	eas	ons for the (Change in Lo	an Delinque	ncy	/ Balance		
Reasons f	or th	e Change in Loa	n Balance for L	oans	Dei	ncipal Balance	Loans	
with Re	payı	ments 90 Days	or More Past Di	ue	FIII	iicipai balance	Loans	
Delinquent Loans as					\$	12,850,090	33	
Loans that have co			paid-off in full		\$	(560,988)	(5)	
Loans that have be					\$	(450,000)	(3)	
Loans that have be				n part	\$	(1,000,000)	(1)	
Loans that have be					\$	(4,471,488)	(5)	
Loan partial princip				oans	\$	(94,581)		
New loans that have			delinquent		\$	3,767,646	12	
Delinquent Loans as	01 J	une 30, 2018			\$	10,040,679	32	
		WEDC Los	n Dortfolio D	alinguana.	Dat			
		WEDC LOA	n Portiono L	elinquency	naı	es		
			D D-1	D-4-		D-ii D-li		
Date	Portfolio Principal		Payment Delinquency Rate Amount Percentage		Principal Delino		-	
July 1 2019	\$	54 900 501	\$ 3,028,193	Percentage 5.3%	ċ	10.040.670	Percentage 18.3%	
July 1, 2018 December 31, 2018		54,890,501 49,220,792	1,820,122	3.6%	_	10,040,679 6,868,007	14.0%	
Change	\$	(5,669,709)	\$ (1,208,071)			(3,172,672)	(4.3%)	
	7	(0,000,700)	+ (1,100,071)	(21770)	7	(5,2,2,0,2)	(41370)	
R	eas	ons for the (Change in Lo	an Delingue	ncv	/ Balance		
						,		
Reasons f	or th	e Change in Loa	n Balance for L	oans				
		ments 90 Days			Pri	ncipal Balance	Loans	
Delinquent Loans as					\$	10,040,679	32	
Loans that have co	me d	current or were	paid-off in full		\$	(732,921)	(5)	
Loans that have be	en a	mended			\$	(133,722)	(4)	
Loans that have be	en fo	orgiven, per con	tract, in full or i	n part	\$	(827,000)	(2)	
Loans that have be					\$	(3,402,375)	(2)	
Loan partial princip		•	<u> </u>	oans	\$	(91,904)		
New loans that have	ve be	ecome >90 days	delinquent		\$	2,015,253	10	

6,868,010

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c Deveros	WEDC Loa	n Portfolio D	elinquency	Rat	es						
			, ,								
Date	Danifalia Drivatual	Payment Delinquency Rate			Principal Deline	que	ncy Rate				
	Portfolio Principal	Amount	Percentage		Amount	P	ercentage				
January 1, 2019	49,220,792	1,820,122	3.6%		6,868,007		14.0%				
June 30, 2019	45,393,804	4,425,328	9.4%		6,823,547		15.0%				
Change	\$ (3,826,988)	\$ 2,605,206	5.8%	\$	(44,460)		1.1%				
	easons for the			ncy	/ Balance						
	or the Change in Lo			Principal Balance		Interest		Principal and		Loans	
	epayments 90 Days	or More Past D	ue				Balance		erest Balance		
Delinquent Loans as				\$	6,868,007	\$	682,959	\$	7,550,966	29	
	me current or were	paid-off in full		\$	(437,202)	_	(2,515)	\$	(439,717)	(1	
Loans that have be		troot in fall - 1	n nort	\$	(1,718,942)	\$	(42,887)	\$	(1,761,830)	(8	
	en forgiven, per con		n part	\$	/1 CO1 O44)	\$	/2E2 E04\	\$	12 022 625	- /-	
	en written off, in ful			\$	(1,681,041)	\$	(352,584)	\$	(2,033,625)	(7	
	ents made on deling			\$	(13,030)		(5,238)	\$	(18,268)		
New loans that have become >90 days delinquent Interest accrued on delinquent loans in period					3,805,754	\$	319,350	\$	4,125,103	7	
			6 000 546	\$	89,866	\$	89,866				
Delinquent Loans as	of June 30, 2019			\$	6,823,546	\$	688,950	\$	7,512,496	20	
	WEDC Loa		Pelinquency			2110	nov Data				
Date	Portfolio Principal	Amount	Percentage	Principal Delinquency Rate Amount Percentage							
July 1, 2019	45,393,804	4,425,328	9.4%		6,823,547		15.0%				
December 31, 2019	40,858,287	1,682,358	4.0%	_	3,544,258		8.7%				
Change	\$ (4,535,518)				(3,279,289)		(6.4%)				
Change	(4,555,510)	\$ (2,142,510)	(3.470)	Y	(3,273,203)		(0,470)				
R	easons for the (Change in Lo	an Delingue	ncv	/ Ralance						
	cusons for the	endinge in Ed	un beimque		Bulance						
Dansans f	or the Change in Le	n Palance for I					Interest	D	incipal and		
Reasons for the Change in Loan Balance for Loans with Repayments 90 Days or More Past Due					Principal Balance		Interest Balance		erest Balance	Loans	
		or More Past D	ue	\$	6,823,546	\$	688,950	\$	7,512,496	20	
Delinquent Loans as of July 1, 2019 Loans that have come current or were paid-off in full					0,023,340	\$	000,550	\$	7,312,430	- 20	
Loans that have been amended					(842,801)		(261)		(843,063)	(2	
Loans that have been amended Loans that have been forgiven, per contract, in full or in part					(2,800,000)		(301,085)	\$	(3,101,085)	(3	
Loans that have been written off, in full or in part					(247,729)	_	(52,650)	_	(300,379)	(1	
Loan partial payments made on delinquent loans					(13,754)		(37,707)	\$	(51,461)	- /1	
				\$	624,995	\$	24,801	\$	649,796	5	
New loans that have become >90 days delinquent Interest accrued on delinquent loans in period					024,333	\$	74,907	\$	74,907		
	Delinquent Loans as of December 31, 2019				3,544,257	\$	396,955	\$	3,941,212	19	
Demiquent Evans as	or December 31, 2			\$	0,044,207	Y	330,333	Y	3,341,212	19	



	WEDC Lo	an Portfolio [Delinquency	Rat	es					
_		Payment Delinquency Rate		F	Principal Delinquency Rate					
Date	Portfolio Principa	Amount	Percentage		Amount	_	ercentage			
January 1, 2020	40,858,287		4.0%		3,544,258		8.7%			
June 30, 2020	36,807,588		9.5%	_	6,489,495		17.6%	-		
Change	\$ (4,050,698		5.5%	_	2,945,237		9.0%			
-		, , , ,								
F	Reasons for the	Change in Lo	an Delinque	ncy	Balance					
_								_		
	for the Change in L			Principal Balance		Interest Balance		Principal and Interest Balance		Loans
	epayments 90 Day		ue							
Delinquent Loans a				\$	3,544,258	\$	396,955	\$	3,941,213	19
	ome current or wer	e paid-off in full		\$	(99,819)	_	(689)	_	(100,508)	(1
Loans that have be				\$	(721,535)		(58,610)		(780,145)	(3
	een forgiven, per co		in part	\$	(350,000)	\$	(37,340)		(387,340)	(1
	een written off, in f			\$	(1,113,137)	\$	(93,214)	_	(1,206,351)	(3
	ents made on delin	•		\$	-	\$	-	\$	-	-
	ve become >90 day			\$	5,229,728	\$	215,141	\$	5,444,869	18
	Interest accrued on delinquent loans in period					\$	64,593	_	64,593	-
Delinquent Loans a	s of June 30, 2020			\$	6,489,495	\$	486,836	\$	6,976,331	29
		Payment Deli	inquency Rate		es Principal Delino	uer	ncv Rate			
Date	Portfolio Principa	Amount	Percentage	Amount		Percentage				
July 1, 2020	36,807,588		9.5%		6,489,495		17.6%			
December 31, 2020		_	11.0%	_	6,108,394		18.7%	-		
Change	\$ (4,184,578		1.6%	_	(381,101)		1.1%			
ŀ	Reasons for the	Change in Lo	oan Delinque	ncy	Balance					
Reasons for the Change in Loan Balance for Loans with Repayments 90 Days or More Past Due						ı	nterest		rincipal and	Loans
	_			Prir	ncipal Balance		Balance	Inte	erest Balance	
	epayments 90 Day			Prir \$	6,489,495	\$	486,836		6,976,331	29
with R Delinquent Loans a	epayments 90 Day	or More Past D				\$		\$		29 (4
with R Delinquent Loans a	epayments 90 Days s of July 1, 2020 ome current or wer	or More Past D		\$	6,489,495	\$	486,836	\$ \$	6,976,331	(4
with Ro Delinquent Loans a Loans that have co Loans that have be	epayments 90 Days s of July 1, 2020 ome current or wer	or More Past D	ue	\$	6,489,495 (312,969)	\$	486,836 (2,522)	\$ \$	6,976,331 (315,492)	(4
with Ro Delinquent Loans a Loans that have be Loans that have be Loans that have be	epayments 90 Days s of July 1, 2020 ome current or were een amended een forgiven, per co	e paid-off in full	ue	\$ \$ \$	6,489,495 (312,969)	\$ \$	486,836 (2,522)	\$ \$ \$ \$	6,976,331 (315,492)	(4 (7 -
with Ro Delinquent Loans a Loans that have be Loans that have be Loans that have be Loans that have be	epayments 90 Days s of July 1, 2020 ome current or were een amended	e paid-off in full ntract, in full or i	ue	\$ \$ \$ \$	6,489,495 (312,969) (1,374,158)	\$ \$ \$ \$	486,836 (2,522) (157,687)	\$ \$ \$ \$	6,976,331 (315,492) (1,531,845)	(4 (7 -
with Robelinquent Loans a Loans that have be	epayments 90 Days s of July 1, 2020 ome current or were een amended een forgiven, per co een written off, in f	e paid-off in full ntract, in full or i ull or in part quent loans	ue	\$ \$ \$ \$ \$	6,489,495 (312,969) (1,374,158) - (145,932) (340)	\$ \$ \$ \$	486,836 (2,522) (157,687) - (5,877)	\$ \$ \$ \$	6,976,331 (315,492) (1,531,845) - (151,809) 643	(4 (7 - (1
with Robert Loans a Loans that have be Loans that have be Loans that have be Loans that have be Loan partial paym New loans that ha	epayments 90 Days s of July 1, 2020 ome current or were een amended een forgiven, per co een written off, in f ents made on delin	e paid-off in full ntract, in full or i ull or in part quent loans s delinquent	ue	\$ \$ \$ \$	6,489,495 (312,969) (1,374,158) - (145,932)	\$ \$ \$ \$ \$	486,836 (2,522) (157,687) - (5,877) 984	\$ \$ \$ \$ \$	6,976,331 (315,492) (1,531,845) - (151,809)	



omic Developmo										
	WEDC Loar	n Portfolio D	elinquency	Rat	es					
Date		Payment Deli	nguency Rate	F	Principal Delin	aue	ncv Rate			
	Portfolio Principal	Amount	Percentage	-	Amount		ercentage			
January 1, 2021	32,623,010	3,740,955	11.5%		6,108,394		18.7%			
June 30, 2021	29,988,760	4,452,808	14.8%		7,154,761		23.9%			
Change	\$ (2,634,249)	\$ 381,100	3.4%	\$	1,046,367		5.1%			
R	easons for the C	hange in Lo	an Delinque	ncy	Balance					
		J								
Reasons f	or the Change in Loa	n Balance for L	pans	Principal Balance		Interest Balance		Pr	incipal and	
	epayments 90 Days							Interest Balance		Loans
Delinquent Loans as				\$	6,108,394	\$	448,052	\$	6,556,446	25
•	me current or were	paid-off in full		\$	(940,671)		(91,590)		(1,032,260)	-4
Loans that have be		<u> </u>		\$	(1,077,817)	<u> </u>	(35,873)		(1,113,691)	-4
	een forgiven, per cor	ntract, in full or	in part	\$	(500,000)		(73,260)		(573,260)	- <u>-</u>
	een written off, in fu		•	\$	(377,018)		(89,763)		(466,781)	-2
	ents made on deling			\$	(4,695)		(3,404)		(8,100)	(
	ve become >90 days			\$	3,946,568	\$	189,740	\$	4,136,309	10
	n delinquent loans i	•				\$	48,027	\$	48,027	(
Delinquent Loans as	·	·		\$	7,154,761	\$	391,928	\$	7,546,690	24
	WEDC Loar	n Portfolio D	elinquency	Rat	es					
		Payment Delinquency Rate		F	Principal Delin	aue	ncv Rate			
Date	Portfolio Principal	Amount	Percentage		Amount		Percentage			
July 1, 2021	29,988,760	4,452,808	14.8%		7,154,761		23.9%			
December 31, 2021	24,993,950	4,009,149	16.0%		5,981,325		23.9%			
Change					· ·					
R	easons for the C	hange in Lo	an Delingue	ncv	Balance					
		J								
Reasons f	for the Change in Loa	an Balance for I	nans				Interest	Pr	incipal and	
with Repayments 90 Days or More Past Due					ncipal Balance	Balance		Interest Balance		Loans
	Delinquent Loans as of July 1, 2021					\$	391,928	\$	7,546,690	24
Loans that have come current or were paid-off in full				\$ \$	7,154,761 (502,453)		(4,453)		(506,906)	-3
Loans that have been amended					(891,943)		(5,305)	_	(897,248)	-{
Loans that have been forgiven, per contract, in full or in part					(1,634,045)	\$	(64,206)		(1,698,251)	-2
Loans that have been written off, in full or in part				\$	-	\$	-	\$	-	(
Loan partial payments made on delinquent loans				\$	_	\$	_	\$	_	(
New loans that have become >90 days delinquent				\$	1,855,005	\$	204,659	\$	2,059,664	
-	Interest accrued on delinquent loans in period					\$	55,808	\$	55,808	(
Delinquent Loans as of December 31, 2021					5,981,325	\$	578,430	\$	6,559,756	24