

Loan Request Memorandum

Date: 11/18/2021

Borrower: DB

Amount: \$17,500 (up to \$20,000)

Request Type: Direct

Collateral: Vehicle with powerchair hitch lift

Terms: 5.50% / 60 mo / \$330

Credit Score: 610

DTI: 50%

Purpose: DB is the husband of CB who is the individual with a disability. CB has lupus, rheumatoid arthritis, fibromyalgia, mononeuritis multiplex and Sjogren's syndrome which result in muscle fatigue, numbness in her arms and right leg and profound fatigue and dizziness. DB is unable to walk more than a few feet at a time and must now use her power chair anytime she is leaving her home. DB is seeking funding to purchase a larger vehicle that has the capacity to transport CB's chair safely on a hitch mounted lift and carrier that will also accommodate their family. CB is able to walk from the rear of the vehicle to the front so a fully modified van is not necessary. Having the new vehicle will allow CB to get out of her home, actively participate with her children in their activities and have more independence. The vehicle they have found and the dealer is holding for them is a 2014 Yukon with 121,000 miles for a total price of \$17,000 and the lift is estimated to be \$350-\$500. The loan request is for an amount up to \$20,000 to allow for flexibility in finding another vehicle in case the Yukon is sold.

Credit Summary: DB has a credit score of 610 with two medical collections and no other derogatory credit. He only has one small secured credit card with his bank, that has a limit of \$2,500 and a balance of \$251. The account has been opened since Oct 2020 and has been paid as agreed. There is no payment listed so a minimum payment of \$25 is used for the DTI. DB reports monthly rent of \$2,000. There are no other debt obligations listed or reported.

DB is employed by Charter Communications earning a verified \$4,752 per month. The DTI using the \$17,500 loan amount is 50% and 51% with a \$20,000 loan.

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Strengths

1. The credit score is over program guideline minimums.
2. The DTI with the proposed loan amount is within program guidelines.
3. DB uses very little debt, with the only account listed being a credit card with a small balance. There are no other historical debts listed.
4. The new vehicle will give CB the ability to leave the home more often, spend time with family outside of the home and be active in the community.

Weaknesses

1. The underwriting provides both credit score and DTI that are very close to being outside program guidelines. This along with the mileage of the vehicle being over the program 100,000 limit, the bank would most likely not accept the loan application, so the loan is submitted as a Direct Loan.

Recommendation

While DB does not have any derogatory credit (other than two medical collections), he also has both a credit score and DTI that are at the limits of the guidelines and there is no other household income known as CB stated she has not been approved for disability yet. However, the only debt obligation listed has been paid as agreed since opening in November 2020. While the mileage is over the program guidelines, it is not excessive mileage compared to the age, about 17,500 miles per year. The vehicle will provide independence to CB.

If approved, the loan would be a part of the direct loan program.

Committee Member Vote

Name:

Approve

Decline

Request further information from Program Director

Request Committee meeting to discuss

Loan Request Memorandum

Date: 12/2/2021

Borrower: KL

Amount: \$340 additional

Request Type: Direct – Rescue Payment

Collateral: Unsecured

Terms: Adds one additional month to prior approved rescue payment plan, with payments coming at the end of the bank guarantee loan.

Purpose: NL, the mother of KL and co-borrower on the bank guarantee loan, has passed away leaving KL in a difficult financial situation. The bank has agreed to a payment deferment for November and this request is to provide one more month of payment relief while KL figures out the finances and waits for a small amount of life insurance that will be used to supplement the payment amount that NL's social security was used for. The life insurance benefit, estimated at around \$4,000, will help KL supplement all outstanding bills and debt for about 12 months. KL will begin looking into employment opportunities now and has been provided information on the ticket to work program.

PRIOR APPROVED RESCUE PAYMENT

Date: 11/2/2021

Borrower: KL-NL

Amount: \$784

Request Type: Direct-Rescue Payment

Collateral: Unsecured

Terms: 5.00% / payment plan to be determined with payment in full occurring within two months of final bank guarantee payment. Maturity is April 2026.

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Purpose: KL has a bank guarantee loan with a current principal balance of \$17,873. KL is the primary borrower. NL is her elderly mother who has spent time in and out of the hospital over the past two years from COVID and other health issues according to KL.

Recently, insurance lapsed on the van due to financial struggles, causing forced placed insurance to be applied by the bank. She was able to get a new policy in place but there is still \$784 of the forced placed insurance fee that must be paid. The bank has allowed 24 months to pay this back but that adds an additional \$33 per month to her monthly payment which is difficult, and she states will not be able to be maintained. She already frequently pays late, adding \$16 per month to the payoff balance each time. The proposal is to pay this amount to the bank, bringing the payment back down to it's normal level of \$340 and allow the program director the ability to set a repayment plan with KL which could include no payments until the maturity of the bank guarantee loan. KL uses her debit card for the current loan payments which is not possible for a direct loan, she is very unreliable in attempts to contact and struggles to maintain organization and follow through on time with obligations, both from a financial state as well as mentally. A set amount, even as low as \$10, will be a struggle to get repaid consistently without continual collection efforts and time and energy from staff. While there may not be quick repayment of this amount, this seems to be the best way to avoid potential default of the bank guarantee loan and FFAST having to workout a new loan for the full amount or potentially repossess the van.

Committee Member Vote

Name:

Approve

Decline

Request further information from Program Director

Request Committee meeting to discuss