February 2022 NHLP Committee Meeting Minutes

February 10, 2022

2:00-3:00 PM EDT

1. Opening

   Mr. Brandon Palermo called the meeting to order at 2:02. The meeting was recorded. No member presented an issue with being recorded.

   Members Present: Mr. Brandon Palermo, Mr. TJ Moon, Mr. Horace Brown, Ms. Genevieve English-Charles, Mr. Enrique Escallon, Mr. Eddie Hall.

   Staff Present: Mr. Eric Reed, Mr. Eric Zimmerman

   Members of the Public: None

   A quorum was established.

2. Approval of Agenda
   No members of the public commented. Mr. Reed requested to the Approval of the Minutes from December 2nd removed from the agenda as they were approved in a prior meeting. Mr. Hall motioned to accept the agenda with the change. Mr. Brown seconded and the agenda was accepted.

3. Approval of minutes
   Minutes from the December 9th committee meeting was presented for approval. Mr. Hall motioned to approve the minutes. Mr. Palermo seconded the motion. The minutes were approved unanimously.

4. ACF Report
   Mr. Reed provided a brief overview of the ACF report and financial updates since the December meeting and noted the calendar year end numbers. He noted the negative change in the investment balances as a result of market fluctuations. He highlighted delinquent and troubled loans and provided updates on collection activities if available. Mr. Palermo directed him to begin the discussion on the four Loan Action Requests as presented.

a. SR – interest rate change and deferment. Mr. Reed presented the request to reduce the interest rate to 0% and defer the payments due for three months while the borrower seeks SSDI approval. Mr. Hall motioned to approve the request as presented. Mr. Brown seconded and the motion passed with no dissension.
b. RF – interest rate change to 0% and to make that effective prior to the last payment made to create principal payments only. Mr. Brown recommended that this change have an end date on it and motioned to approve the request with 0% interest in effect through January 2023 or RF is released from prison, whichever occurs first. Mr. Palermo seconded the motion as presented and the motion passed with no dissension.
c. DH – request to charge off balance of $1,333 with no further collection activities. Mr. Brown motioned to charge off the balance and Mr. Hall seconded. The motion passed with no dissension.
d. WF – request to charge off the balance of $3,595. Initial request was to charge off the balance due to the borrower losing income from COVID, relying just on SSI which does not support loan payments and the fact that she states she no longer owns the collateral as it was taken and destroyed through an apartment eviction process. Mr. Palermo suggested that the balance could be forgiven instead of charged-off. Mr. Brown motioned to forgive and write-off the balance owed and Mr. Palermo seconded. The motion passed with no dissension.

5. KL – rescue payment plan
   Mr. Reed provided an overview of the reasons for the new plan for KL and the timing of payments to the bank and repayment from KL. The plan will support KL as she begins training for new employment following the death of her mother who provided over half the household income. The plan will allow KL to remain current on the bank guarantee loan and will require some loan repayment to FAAST once an allowable time has passed for her to establish employment. Mr. Palermo motioned to accept the plan as presented. Mr. Hall seconded and the motion passed with no dissension.

6. Manual Revisions
   Mr. Reed provided an overview of the changes that impact policy and explained that a final draft of the manual will be presented prior to the March meeting so the committee will have time to review and vote for approval. Mr. Escallon recommended that the changes are highlighted, dated and rational provided for the committee to see as well as to preserve the modifications of the document.

7. NHLP operations updates
   Mr. Reed informed the committee of some recent additions to the DownHome loan software including a new pipeline module and loan document creator to allow for more streamlined and organized loan processing. He also informed the committee that with the addition of Eric Zimmerman to the staff, steps have been taken to begin a fully electronic filing system for new loans in 2022 and this may eventually include loan documents as eSignature options are being considered to allow for more efficient and cost-effective loan closings across the state. Mr. Escallon pointed out that all accessibility considerations should be addressed when making any changes to how consumers are able to access the program. Mr. Reed ensured the committee that the process for accepting applications and getting supporting materials from borrowers will not change.

8. Financial Education
   Mr. Reed shared a draft financial education handout that will be put into use once a final version is received back from the marketing team. The handout will be provided to all borrowers, providing some introduction basic fin ed information.

9. Closing
   There was no public comment.
   The next meeting will be Thursday, March 10 at 2:00 pm.
   Mr. Palermo adjourned the meeting at 3:03 pm.

NHLP Manual – changes to procedures

Pg 16 Program Director Authority:

Added paragraphs 4 and 5, removed old paragraph 4

Added 4. All open credit accounts are current on payments and have not had more than two 30-day late payment over the past 24-months.

Added 5. Any judgements, collections or charge-off accounts, other than medical collections, are at least four years from first date of delinquency.

Removed 4. There are no current collection, judgement or past due accounts reported other than medical collections

Justification: A random late payment is not a strong indicator of the inability to pay, as long as there is not a consistent record of this happening. Bank errors, forgotten payment, unexpected event, etc. could all lead to a one time missed payment that would not be a reflection of overall payment performance. Adding the four-year date to paragraph 5 adds more relevance and puts a timeline to the prior activity. This will create a more specific rule than the prior language of "Current".

Pg 17 Unsecured loan requirements:

Increased minimum credit score guidelines as follows:

$10,000 - $16,000 – new 630; old 610
$16,000 - $25,000 – new 675; old 625

Added All open accounts are current, and each account has no more than two 30-day late payments reported over the past 24-months.

Removed All open accounts current for past 24 months

Justification: Strengthened the credit criteria for higher dollar unsecured loans by increasing the credit score requirements. These have been the largest losses of the program to date so there is reason to make sure we are looking at these borrowers with stricter underwriting criteria. However, the same justification was used as the Program Director Authority reasoning to add the language to the 30-day late payment criteria.

Pg 18 Approved Loan Amount Modification:

Removed 2. The new amount is not more than $1,500 above the approved loan amount; and,

Justification: Made this easier to follow and when keeping the DTI requirements within this policy, the potential of higher dollar amounts is still reasonable.

Pg 23 Treatment of Income:

Added SNAP/Food Stamp benefits received as income

Justification: This is a paid benefit that is commonly used for loan repayment calculations and is a true measure of additional income for the borrowers.

Pg 24 Non-Taxable Income

Removed policy that non-taxable income will be multiplied by 1.25 to create a gross income for debt-to-income calculations.

Justification: While this is a common policy for loan underwriting, when we are working with borrowers who receive $780 in SSI income, adding nearly $200 of income to justify a loan payment increases risk substantially. While employed applicants will still benefit from the gross income being used, there are multiple ways someone can make adjustments to their net income in the event of cash flow changes, while the fixed income individual does not have any ability to adjust the amount they receive.

Pg 27 Delinquent Accounts

Changed delinquent loan policy to standard 30-day policy to better align with Credit Reporting guidelines and to make loan management and reporting consistent.

Justification: The policy added in 2017 created a very long delinquency period, up to 90-days before we would consider the loan past due in efforts to minimize the negative reporting for borrowers. After working with this policy in the DownHome software, the ability to track delinquency and keep this policy working fairly and without error is very difficult. Continual adjustments are necessary for past due borrowers and the overall policy does not meet the spirit of the federal reporting guidelines. While we will still offer deferments and the ability to skip payments due to unforeseen circumstances, there will no longer be a 90-day grace period for all borrower regardless of circumstances.

NHLP Manual – format, wording changes that do not impact decision making

Definitions: added – NHLP Loan Committee; Prime Rate; Low-Interest Rate Loan; Preferred Interest Rate Loan; removed – Telework (moved and expanded)

Pg 6-7 Overview: Telework definition and explanation changes made to better incorporate federal changes to the Access to Telework program uses which expanded to include the use of AT at the primary work/employment location

Pg 8 Administrative Procedures: Added paragraph 4 describing the use of restricted funds

Pg 8 Administrative Procedures: Added Committee paragraph to manual

Pg 10-13 Product Profiles: moved all product info to this section and expanded language for overall flow of manual

Pg 13-15 Lending Guidelines: moved rate guidelines, LTV guidelines, loan application guidelines to this section.

Pg 18-19 Committee Voting Procedures: changed voting deadline from 5:00 PM EST to Midnight EST; added language to allow less than 48 hours to vote under certain situations

Pg 20 Committee Voting Procedures: added language for clarification of scheduling of loan review teleconferences

Pg 22 Credit Bureau Review: first paragraph added for compliance

Pg 26 Loan Payment Schedule Modifications: added language to make more clear about payment deferment separate from delinquent or missed payments that are being reported to credit bureaus.

FAAST
New Horizon Loan Program Administrative Procedures Manual

Adopted by the New Horizon Loan Program Committee

December 10, 2020

Contents

FAAST New Horizon Loan Program
Administrative Procedures Manual

Definitions

Assistive technology means "technology designed to be utilized in an assistive technology device or assistive technology service." Assistive Technology Act of 2004; 29 U.S.C. § 3002(3).

Assistive technology device means "any item, piece of equipment, or product system, whether acquired commercially, modified, or customized, that is used to increase, maintain, or improve functional capabilities of individuals with disabilities."
29 U.S.C. § 3002(4).

Assistive technology service means "any service that directly assists an individual with a disability in the selection, acquisition, or use of an assistive technology device. Such term includes—

(A) the evaluation of the assistive technology needs of an individual with a disability, including a functional evaluation of the impact of the provision of appropriate assistive technology and appropriate services to the individual in the customary environment of the individual;

(B) a service consisting of purchasing, leasing, or otherwise providing for the acquisition of assistive technology devices by individuals with disabilities;

(C) a service consisting of selecting, designing, fitting, customizing, adapting, applying, maintaining, repairing, replacing, or donating assistive technology devices;

(D) coordination and use of necessary therapies, interventions, or services with assistive technology devices, such as therapies, interventions, or services associated with education and rehabilitation plans and programs;

(E) training or technical assistance for an individual with a disability or, where appropriate, the family members, guardians, advocates, or authorized representatives of such an individual;

(F) training or technical assistance for professionals (including individuals providing education and rehabilitation services and entities that manufacture or sell assistive technology devices), employers, providers of employment and training services, or other individuals who provide services to, employ, or are otherwise substantially involved in the major life functions of individuals with disabilities; and

(G) a service consisting of expanding the availability of access to technology, including electronic and information technology, to individuals with disabilities."
29 U.S.C. § 3002(5),

Debt to income ratio is a simple but useful measure of a household's finances. The ratio is important for individuals and lenders because a high debt to income ratio can indicate future financial problems. An individual's debt to income ratio has two components: (a) the individual's total monthly gross income and (b) the individual's total payments on debts and housing cost (mortgage or rent). The ratio of these two

numbers gives the debt-to-income ratio, which indicates how much money is left over for savings, household expenses and bills, upcoming expenses, and new financial obligations.

Delinquent account is a loan that is ten days or more past the due date.

Disability means "a condition of an individual that is considered to be a disability or handicap for the purposes of any Federal law other than [the Assistive Technology Act of 2004] or for the purposes of the law of the State in which the individual resides." 29 U.S.C. §§ 3002(9).

FAAST Direct Loans are loans made directly by FAAST to the applicant, without the involvement of a Participating Bank or Participating Organization.

FAAST Guaranteed Loans are loans made by a Participating Bank or Participating Organization to the applicant, of which a pre-determined amount of the loan is guaranteed by FAAST.

FAAST SELF Loans are loans made by a partner organization and FAAST participates through an interest buy down program. Funding of these loans was provided by ACL grant funding in 2020.

FAAST Credit Builder Loans are direct loans made by FAAST for the purpose of establishing a repayment history with a borrower prior to providing full AT funding. Funding of these loans was provided by a grant from Credit Builders Alliance (CBA)

Income includes but is not limited to all wages, salary, commissions, interest, pensions, recurring disbursements, recurring settlement payments, and other sources of financial support, paid or in kind including Supplemental Security Income (SSI), Social Security Disability Income (SSDI) and retirement benefits.

Individual with a disability; individuals with disabilities.
(A) Individual with a disability. The term `individual with a disability' means any individual of any age, race, or ethnicity—

(i) who has a disability; and

(ii) who is or would be enabled by an assistive technology device or an assistive technology service to minimize deterioration in functioning, to maintain a level of functioning, or to achieve a greater level of functioning in any major life activity.

(B) Individuals with disabilities. The term `individuals with disabilities' means more than 1 individual with a disability."
29 U.S.C. § 3002(10).

NHLP Loan Committee is made up of a minimum of three representatives from the FAAST Advisory Council plus the FAAST Treasurer and FAAST Co-Chairs. The Committee has oversight of the program, votes on loans presented by NHLP Staff, determines course of action for past due and defaulted loans and reviews and modifies this manual as needed among other duties to maintain the NHLPs sustainability.

Prime Rate is the average majority prime rate charged by banks on short-term loans to business, quoted on an investment basis. The Federal Reserve defines a bank prime loan as follows: “Rate posted by a majority of top 25 (by assets in domestic offices) insured U.S.-chartered commercial banks. Prime is one of several base rates used by banks to price short-term business loans."

Low-Interest Rate Loan is a loan at interest rates that are at or below the prime rate.

Preferred Interest Rate Loan is a loan offered at an interest rate that is lower than the consumer would normally pay, but not as low as the prime rate.

Who is FAAST?

The Florida Alliance for Assistive Services and Technology, Inc. (FAAST), which administers the FAAST New Horizon Loan Program is a 501(c)(3) not-for-profit corporation. FAAST was created as a separate entity as of October 20, 1994, under §413.407.

FAAST's mission is to improve the quality of life for Floridians with disabilities by increasing access to assistive technology through empowerment and collaboration. FAAST does not encourage individuals to incur debt but also recognizes that the program is a consumer choice program and not a program of last resort.

The FAAST Board of Directors/Assistive Technology Advisory Council is responsible for ensuring applicant involvement in the creation, application, and distribution of technology-related assistance to and for persons who have disabilities. The FAAST Board of Directors' responsibilities include but are not limited to statewide policy development, both state and federal legislative initiatives, advocacy at the state and federal levels, planning of statewide resource allocations, policy-level management, reviews of applicant responsiveness and the adequacy of program service delivery.

The Board shall consist of a majority, no less than 51 percent, of individuals with disabilities that use assistive technology or the family members or guardians of the individuals. In addition, the Board shall consist of representatives of applicant organizations concerned with assistive technology and also consist of representatives of business and industry, including the insurance industry, concerned with assistive technology.

For more information on FAAST programs and services, go to: www.faast.org.

Federal/State Authority

FAAST's New Horizon Loan Program is authorized under the Assistive Technology Act of 2004 and further authorized through the U.S. Department of Education, Rehabilitation Services Administration (RSA) and under the authority of the Florida Department of Education, Division of Vocational Rehabilitation. The Assistive Technology Act of 2004 provides in part:

29 U.S.C. §3003 (e)(2)(A) – State Financing Activities

> The State shall support State financing activities to increase access to, and funding for, assistive technology devices and assistive technology services (which shall not include direct payment for such a device or service for an individual with a disability but may include support and administration of a program to provide such payment), including development of systems to provide and pay for such devices and services, for targeted individuals and entities described in section 3(16)(A), including--
>
> (i) support for the development of systems for the purchase, lease, or other acquisition of, or payment for, assistive technology devices and assistive technology services; or
>
> (ii) support for the development of State- financed or privately financed alternative financing systems of subsidies (which may include conducting an initial 1-year feasibility study of, improving, administering, operating, providing capital for, or collaborating with an entity with respect to, such a system) for the provision of assistive technology devices, such as--
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> (I) a low-interest loan fund;
> (II) an interest buy-down program;
> (III) a revolving loan fund;
> (IV) a loan guarantee or insurance program;
> (V) a program providing for the purchase, lease, or other acquisition of assistive technology devices or assistive technology services; or
> (VI) another mechanism that is approved by the Secretary.
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> 12 U.S.C. § 3003(e)(2)(A).

FAAST's Direct Lending Program was approved by the State of Florida on August 8, 2014. The Florida Office of Financial Regulation entered a Final Order determining that FAAST is not required to obtain certain state licenses or make certain state registrations with respect to loans which meet specified parameters. All FAAST Direct loans will adhere to the requirements set forth in the Final Order.

Overview of the Loan Program

FAAST operates its programs to provide assistance through loans for the purchase of assistive technology or assistive services designed to enable persons with disabilities to become more independent and live an improved quality of life in accordance with the Federal and State Authority.

FAAST has developed loan programs to address the needs of loan applicants and borrowers to meet our fiduciary responsibilities and to follow applicable federal/state laws and regulations. All loan programs will be classified under one of the two federally created loan programs:

1. Alternative Finance Program (AFP) Loan Program.
2. Access to Telework (Telework) Loan Program.

The Assistive Technology Act authorizes support for activities that increase the availability of, funding for, access to, provision of, and training about assistive technology (AT) devices and AT services. Under section 4(e)(2) of the AT Act, the Secretary is authorized to provide support for States to develop, support, expand, or administer alternative financing programs (AFPs) to allow individuals with disabilities and their family members, guardians, advocates, and authorized representatives to purchase AT devices and services.

AFP Loans

These Alternative Financing Programs (AFPs) are federally funded programs which provide affordable financing options for the purchase of assistive technology devices and services. There are currently 43 AFPs serving 46 states and territories.
All loans approved by FAAST that are for the primary use of independence at home or in the community will be funded and categorized as AFP loans. This includes any type of assistive technology or assistive technology services as further outlined in this manual. The AFP funds may not be used for anything other than the AT devices or AT services.

Telework Loans

Federal funds also created the Access to Telework loan program which FAAST chose to participate in. The Telework program is oriented towards employment while the AFPs are focused on home and community related independence and outcomes. While initially created to support true Telework/Telecommuting or Self-Employment outcomes, multiple changes have taken place allowing for a broader overall employment-based outcome. The Access to Telework loan program is designed to provide funding for AT or other equipment that is needed to allow an individual with a disability to gain, maintain, improve or remove barriers to employment. Employment consists of working for an employer at a remote location, working for an employer at home, working for an employer at the main location of business or self-employment. Contractors, traveling salespersons, and individuals who are self-employed may qualify. Telework may be full time, part time, periodic or on a contractor basis.

Telework loan funds may be used for: any type of assistive technology, assistive technology services including training necessary to perform a job, computers, printers, software, phone systems, office furniture, home modifications, vehicles (modified or unmodified if needed for the purpose of the program). Additionally, for self-employment, funds may be used for start-up business expenses for self-employment which include, in addition to the above, initial inventory, specific tools of the trade equipment for the business type, other non-recurring start-up costs such as entity creation costs, marketing materials, etc. per the committee's discretion. Recurring or continual expenses such as cell phone contracts, utility bills, rent, etc. are not allowable expenses under the program. Funds must have a billable purpose; start-up reserves and initial cash flow are not allowable.

A telework loan may be approved only if the loan application meets FAAST's underwriting criteria and if the loan meets the guidelines and definition of the Access to Telework program as described above. Telework loans follow all NHLP underwriting and approval guidelines along with the following additional requirements:

1. Determination that the disability itself creates a barrier(s) to employment
2. Determination that the proposed loan helps overcome the barrier(s) to employment
3. Determination that the proposed location is appropriate based on the nature of the employment, and
4. Determination that the equipment will enable or significantly assist the proposed employment.
5. Determination that the loan proceeds will assist the individual to do at least one of the following:
    a. Increase income by increasing work hours and/or hourly wages in an existing job;
    b. Increase income by through the addition to an existing job;
    c. Remain employed at his/her current level, and prevent job loss or a reduction in earnings, or
    d. Initiate or expand self-employment
6. Verification of employment or confirmation of an employment agreement may be required.
7. For Self – Employment, a business plan and verification of participation in a Small Business Development program may be required based on length of time borrower has been self-employed in the business the loan is being requested for and/or the nature of the self-employment.

Examples of Barriers to Employment for Possible Telework Loans

A. A woman with quadriplegia gets permission from her employer to work at home two days a week to get easier access to attendant care. She uses the loan proceeds to purchase a home computer to connect to her employer's office network.

B. A man with fibromyalgia can't work a regular schedule due to fatigue and illness. He starts a greeting card business and uses a loan to buy printing equipment, toner, card stock and envelopes.

C. A man with hearing loss determines that he needs hearing aids to be able to maintain his current employment at a big box retail store. He gets a loan to purchase new hearing aids.

D. A former trucker who has trouble working for others due to anxiety and paranoia decides to become an owner/operator. She gets a loan to buy a truck and takes driver's education to update her skills.

E. A man employed by the state of Florida wants a powerchair to help accommodate him better around the office. He gets a loan to purchase the powerchair to help him be more independent and efficient in the workplace.

FAAST New Horizon Loan Program Administrative Procedures

The NHLP shall be administered and managed by the FAAST NHLP Director (Program Director, Director, PD) and program staff, FAAST Executive Director, FAAST Accountant, and any other designated staff of FAAST, Inc.

The FAAST NHLP Committee will oversee the overall operation of the program.

All administrative costs related to the expenses, maintenance, and administration of the NHLP shall be allocated by the FAAST Accountant quarterly from NHLP funds and shall be reviewed by the Executive Director prior to being deposited into a FAAST administrative account. These funds shall be reviewed by an independent CPA and FAAST auditors.

Designated restricted funds of the FAAST NHLP program are for the sole use of the NHLP program and are not allocated to any other program or service of FAAST unless specifically stated through a grant or award notification.

This Manual provides guidance and procedures to FAAST staff and FAAST advisory council members responsible for implementing the NHLP. The Executive Director and NHLP Director shall maintain and distribute this Manual to the public, applicants, FAAST staff, and FAAST Board of Directors.

FAAST New Horizon Loan Program Committee

The FAAST New Horizon Loan Program Committee (Loan Committee) is a sub-committee of the FAAST Board of Directors. The Committee will consist of the FAAST Co-Chairs, a Committee Chair and Committee Members, as appointed by the FAAST Co-Chairs.
The Board Co-Chairs and the Board Treasurer will serve on the committee as ex officio as determined in the FAAST Bylaws.
The Committee's function is to oversee and review the activities of the NHLP in accordance with federal /state requirements.
The Committee will review and vote on all loan requests presented by the NHLP Program Director and NHLP staff.

The Loan Committee will review financial and program activities of the NHLP and make recommendations to improve procedures.

The Loan Committee will meet in person, at FAAST Board meetings, by telephone or electronic means to review the NHLP and evaluate any changes needed to this Manual. In addition, a summary of loan decisions since the last Board meeting will be provided to the Board members for their information at their next scheduled meeting.

A quorum is required to take any official action or pass any motion. A quorum for teleconferences will be the same committee quorum as described in FAAST Bylaws. Meetings may be held without a quorum, but no official action may be taken.

The NHLP Director will provide to the FAAST Executive Director, Committee, and the FAAST Board of Directors oral and written quarterly reports in accordance with annual federal/state reporting requirements and oral and written reports regarding all loan activities and loan application activities.

Any policy or procedure recommendations by the Loan Committee are subject to review by any designated or applicable Committees of the Board of Directors and are subject to the Board of Directors' ratification.

Loan Program Options

The New Horizon Loan Program involves three FAAST operated loan programs and one program fully operated by a partner organization. These programs are:

1. FAAST Direct Loan Program
2. FAAST Bank Guarantee Loan Program
3. FAAST Credit Builder Loan Program
4. SELF-FAAST Interest Rate Buy Down Program for Home Modifications

Product Profiles

Direct Loans

FAAST Direct Loans - Loans made by FAAST directly to the applicant, which do not involve a Participating Bank. Direct Loans are reviewed and decisioned by the Program Director or the NHLP Loan Committee. The loans are booked and serviced by FAAST.

Direct Loans by FAAST		
Type of Loan:	**Secured**	**Unsecured**
Purpose:	Assistive Technology	Assistive technology Assistive services
	Vehicle Loans	Home Modifications
		Vehicle Modifications
Minimum Loan:	NA	NA
Maximum Loan:	$25,000	$25,000
Rate:	Determined by the Loan and Executive Committees	Determined by the Loan and Executive Committees
Term:	$0-$500 24 months max	$0-$500 24 months max
	$501-$2,5000 up to 60 months	$501-$2,5000 up to 60 months
	>$2,500 - up to 60 months	>$2,500 - up to 60 months

FAAST Bank Guarantee Loans

FAAST Guaranteed Loans - Loans made by a partner bank or organization to the applicant only if FAAST guarantees the loan. Bank Guarantee Loans are first reviewed and decisioned by the Program Director or the NHLP Loan Committee. FAAST approved loans are then sent to the partner bank, via a bank loan application completed by the borrower. The bank has the final decision on the approval of the program loans. Approved loans are closed and serviced by the bank and reported to FAAST. Other underwriting criteria and guidelines may be used by the bank partner for final loan approval of these guaranteed loans. FAAST and the bank partner will work to keep underwriting policies for these loans similar in both organizations however the bank has the final approval authority for the bank guarantee loans.

Bank Guarantee Loans by FAAST		
Type of Loan:	**Secured**	**Unsecured**
Purpose:	Modified Vehicles	Assistive technology Assistive services
	Assistive Technology	Home Modifications
Minimum Loan:	$100.00	$100.00
Maximum Loan:	$25,000 – (Up to $40,000* for credit qualified borrowers)	$25,000
Rate:	Determined by the bank	Determined by the bank
Term:	max 84 months	Maximum 60 months

* Bank Guaranteed Vehicle Loan Amount
While the standard maximum aggregate loan amount to any borrower is $25,000, there are many instances where this amount is insufficient for the full purchase of a modified vehicle or more complex AT. In some situations, FAAST may consider participating as a guarantor through the bank guarantee program for a loan amount up to $40,000. While FAAST may guarantee a loan in this amount, the maximum aggregate loan amount per borrower for any FAAST Direct loan, per the state authorization, including a loan created due to a defaulted bank guaranteed loan, is $25,000. Because we would owe the bank the full loan amount due but could only create a $25,000 direct loan, there is the risk for immediate loss if a bank guaranteed loan above $25,000 went into default and a workout situation was agreed upon. For this reason, any bank guarantee loan above $25,000 will meet the following policy guidelines:

1. Minimum credit score of 650. If a co-borrower, second score must be over 600.
2. All open debt obligations must be current as reported on the credit report.
3. Any collection accounts, except for medical, must be either in a payment plan, with payments current, or older than 36 months.
4. Bankruptcy discharge, dismissal or termination must be a minimum of 36 months old.
5. If Bankruptcy, there must be a minimum of 24 months of reestablished on time payment history from date of discharge, dismissal, or termination
6. Debt to Income maximum is 42%
7. Employment income must be stable for at least 6 months
8. Vehicle must not exceed four years of age and/or 50,000 miles.

Credit Builder Loan

Credit Builder Loan – Loan made to an individual that does not meet the necessary credit guidelines of FAAST but is approved for a short-term credit builder loan to create a positive payment history with FAAST for the future approval of a FAAST Direct Loan. The loan is secured by funds transferred to a designated account. The borrower does not receive direct funds and makes monthly payments to establish repayment capacity. Any funds paid into the program are used to reduce the cost of an AT purchase or are refunded to the borrower if the loan payments cannot be completed. Credit Builder Loans will be approved through the same approval process as all other direct or bank partner loans. A committee member may recommend that a non-credit builder loan presented for approval be approved under the requirements of a credit-builder loan or, NHLP staff may present a loan request as a Credit Builder Loan. Once a credit builder loan is approved, if all conditions of the program are met by the borrower, as monitored by the program director, the subsequent assistive technology loan is automatically approved with no further decision by committee. If any of the program requirements were not met by the borrower, the subsequent AT loan will not be closed, and all funds will be returned to the borrower according to the program guidelines.

Credit Builder Loans by FAAST		
Type of Loan:	**Secured**	**Unsecured**
Purpose:	Build repayment history and improve credit prior to receiving an AT loan.	None
Minimum Loan:	$500.00	NA
Maximum Loan:	$1,500 –	NA
Rate:	Current FAAST AFP/Telework rate	NA
Term:	6 mo. – 12 mo.	NA

SELF-FAAST Interest Buy-Down Loans

Interest Buy-Down Loans – Loans made by SELF, Inc, a partner organization, to individuals with disabilities for AT related home modifications. FAAST pays a percentage for the borrower to receive a reduced interest rate, but FAAST does not have any involvement or risk on the loan. SELF loan applicants do not go through FAAST approval procedures prior to applying through the SELF application site. SELF will provide FAAST with monthly summaries of the loans that were approved for the FAAST interest rate buy-down. The program director will review these loans to ensure they meet the AT requirements of a program loan. Any loan that was for purposes other than home modification AT will not be included on the monthly SELF invoice payment.

Lending Guidelines

All loan applicants, whether applying for a FAAST direct loan or a bank guaranteed loan will be treated the same and will follow the same initial FAAST approval process to seek loan approval. For a bank guaranteed loan the applicant will be provided the bank application and bank contact only after being initially approved by FAAST The credit criteria will be applied equitably and fairly to all applicants without regard to an applicant's race, gender, national origin, color, marital status, religion, age, disability or any factor other than sound lending and credit practices. All applicants must be legally able to enter into a binding contract with a lending institution.

FAAST will only make a loan to, or guarantee the loan of: (1) an individual who is an U.S. citizen or permanent resident alien, who is a Florida resident, and who has a disability or (2) a family member of an individual with a disability if that family member and the individual with the disability are either U.S. citizens or permanent resident aliens and Florida residents and if the loan proceeds will be used to help the individual with the disability. A person is considered to be a resident of the State of Florida if such person is domiciled within the State of Florida at the time of the loan application. Residency must be established with a Florida driver's license or a Florida identification card or other approved form of identification and residency verification.

Typically, there will be no proof of disability required, but the Loan Committee may require additional documentation for the assistive device or service requested, which may include a letter from a physician or other appropriate licensed professional, evaluation reports, or vendor quotes.

The applicant must meet the Programs standards of being creditworthy and demonstrate the ability to repay the loan.

FAAST may require that the applicant pledge collateral to secure the loan. Real estate will not serve as collateral. Any loan that involves a tangible item that could be received by FAAST in the event of a loan default, borrower death or known inability to repay, will be considered a Secured Loan and will be closed with both a Promissory Note and Security Agreement, stating the specific AT that is being used as collateral. FAAST will not typically request any additional collateral beyond the AT that is being purchased.

FAAST may require that an applicant provide proof of income, proof of disability, or proof that the requested purchase of technology or service is, in fact, assistive technology in nature.

FAAST does not disclose any nonpublic personal information about its applicants or former applicants to anyone, except as permitted by law. In addition, FAAST maintains physical, electronic, and procedural safeguards that comply with federal regulations to guard the nonpublic personal information.

Rate Guidelines

The loan rate will be determined through a joint meeting of the Loan Committee and Executive Committee as needed to address any rate concerns or changes to the rate environment. Decisions on rate changes should be based on the guiding principle that the Program exists to meet the needs of as many citizens with disabilities as possible who qualify under the parameters of the program. While the program is expected to make sound credit decisions and remain viable through the repayment of the money borrowed by the participants, the interest earned through the loan program is not expected to create enough income to fully support the program. Rather, the interest earned through received loan payments is expected to supplement the program in an appropriate way while always providing a low or preferred interest rate to the borrowers it serves. A preferred rate is one above the Federal prime rate but below typical market rates. The committees should always be aware that typical 'market' conditions that may impact a banks adjustment to rates both for loans and deposits, may not impact the Program's typical borrowers in the same way. It should always be considered that a raise in interest rates to meet market conditions would create a negative impact to potential borrowers who may not benefit from any market change in their personal income or wealth.

Loan to Value Guidelines

Loan to Value calculations will be used when deemed necessary by Program Director or Loan Committee. Loan amounts will not exceed 100% of collateral value or AT cost, with necessary services such as delivery, service plans, dealer fees, and tax included in the cost.

Loan Application Guidelines

While the FAAST Loan Programs have more flexible loan criteria than those of most lending institutions, there must be a reasonable expectation that the applicant will repay the loan. Generally, the Loan Committee expects a loan applicant to demonstrate a pattern of stability in areas such as length of time at residence and credit history. Where credit problems have arisen, it is essential that the applicant has developed a plan to address those problems and has made progress towards resolving those problems.

The two most important criteria for a FAAST Loan are credit history and capacity to repay. A pattern of adverse credit that cannot be adequately explained and is not being corrected will typically result in a declined application. Similarly, an individual who does not have adequate resources after paying all other obligations (as measured by a debt-to-income ratio) may not be approved for a loan.

A 50% debt to income ratio (including the monthly payment for the new FAAST Loans is typically required for loan approvals. FAAST may ask individuals having debt or credit issues to provide additional financial and/or other information to qualify for a loan.

An applicant who does not meet the loan requirements may be reconsidered if he/she provides a qualified co-signer who agrees to be responsible for the payment of all obligations under the loan.

If the loan proceeds will be used to purchase equipment, the term of such loan generally will not exceed the general life expectancy of the equipment.

FAAST loan application forms will be distributed throughout the State of Florida.

An applicant may make first contact with FAAST in several ways. If a call, email or fax comes in and a loan application is requested, all forms and instructions necessary to apply will be sent out as soon as possible.

Various entities will occasionally help an individual complete the necessary applications, such as the Centers for Independent Living (CIL), FAAST RDCs, or vendors.

When an application is received, it is reviewed by NHLP staff for completeness. If an application is incomplete, the applicant will be notified of the additional information that is necessary to complete the application process.

Received applications are entered into the DownHome loan software system.

Upon receipt of a complete loan application packet, the NHLP Director will determine if the applicant meets credit guidelines and that the loan purpose meets the program requirements. The Director has the discretion to decline loans that fall outside of the credit guidelines or program requirements. The NHLP Director also has the discretion to present a loan request that may not meet the program credit guidelines to the Committee. A loan whose purpose does not meet the program requirements will be declined by the Program Director.

Approval Process for FAAST Loans

All loan applications received will be decisioned in a timely manner and will follow all Adverse Action laws and regulations. Loans will be decisioned by either the Program Director or the Committee.

Program Director Approval Authority

The program director has been given the authority to approve loans in certain situations which meet required underwriting guidelines. Any loan approved directly by the Program Director will be reported to the Committee during the next monthly Committee meeting.

The Program Director may approve loans without a vote of the Loan Committee that meet the following criteria:

1. Borrower and Co-Borrower (if application includes one) credit scores exceed 675.
2. Combined debt to income does not exceed 40% with new loan payment included.
3. There is no record of bankruptcy filing within the prior five years.
4. All open credit accounts are current on payments and have not had more than two 30-day late payment over the past 24-months.
5. Any judgements, collections, or charge-off accounts, other than medical collections, are at least four years from first date of delinquency.
6. Loan amount is below $8,000 for Secured Loans
7. Loan amount is below $3,000 for Unsecured Loans

If an application does not meet the above criteria or if the application does meet the criteria but the Program Director, at their discretion, elects not to directly approve the loan, then the Director will send an application Loan Request Memorandum (LRM) to the Loan Committee for review and evaluation. The Loan Committee has the authority to approve or deny loan requests in accordance with criteria established by the NHLP and based upon information provided to or obtained by the Program Director**.** All loan decisions made by the Loan Committee will be considered final.

Unsecured Loans

Because an unsecured loan has a higher risk of loss than a secured loan, FAAST will consider different underwriting guidelines for unsecured loans exceeding $10,000, as follows.

Loan Amount	**DTI**	**Credit Score**
$10,000 - $16,000	42%	630

No charged off accounts added within the past 12 months, no collection accounts added within past 12 months (medical exception). All open accounts have been current for the past 6 months (no 30-day late payments)

$16,000 - $25,000	35%	675

- No charged off accounts within past 36 months
- No collection accounts added within past 36 months (medical exception).
- All open accounts are current, and each account has no more than two 30-day late payments reported over the past 24-months.
- Income source consistent for prior 12 months (exception if new SSDI which provides for DTI).

Standard underwriting guidelines will be used for unsecured loan requests up to $10,000.

Approval Process for Bank Guarantee Loans

1) Once a complete application is entered into the database, the Program Director will obtain a credit report and review all pertinent information to determine the applicant's eligibility for a FAAST Bank Guarantee Loan

2) The Program Director will prepare a Loan Request Memorandum for review by the Committee via the email procedures.

3) The Committee will evaluate the summary data, discuss the loan if needed and/or vote on approval or, denial per the procedures. Approvals or denials made outside the FAAST credit guidelines will require mitigating factors to be identified and documented.

4) If the loan is approved, the Program Director will inform the borrower of the approval and provide instructions for the completion of the bank partner application. Contact information for the bank partner will also be provided. A brief memo will be provided to the bank with proposed loan terms suggested by FAAST. The bank partner will be responsible for final decision and communication with borrower.

5) If a loan is declined by FAAST, FAAST is responsible for all Adverse Action. All declined, incomplete and withdrawn applications shall be retained for a period of seven years, and then will be properly destroyed. Adverse Action notices will be sent to applicants within all mandated timeframes as required. If the bank partner declines a loan request sent to them by FAAST, the bank partner is responsible for all Adverse Action notices.

Approved Loan Amount Modification

If the total cost of the approved loan purpose exceeds the original approved loan amount, the loan program director may fund the full cost of the AT as long as:

1. The new amount is not more than 20% of the approved loan amount; and,
2. The new amount is not over $25,000 aggregate loan amount; and
3. The new amount does not increase the DTI by more than 3%; and,
4. The new amount does not create a DTI over 50%; and,
5. The loan funding is for the original approved purpose only (but may include a different model or brand of AT that meets original purpose).

Examples

Approved / New Loan	Approved / New Payment
$500 / $600	$22.05 / $26.46 (24 months)
$1,000 / $1,200	$30.20 / $36.24 (36 months)
$5,000 / $6,000	$116.28 / $139.54 (48 months)
$12,000 / $14,400	$229.21 / $275.06 (60 months)

Committee Voting Procedures

The Program Director (PD) will typically seek loan approvals for loan requests through an E-Vote Procedure.

The E-Vote Procedure will be as follows:

- Program Director (PD) will send a Loan Request Memorandum (LRM) in PDF format and Word format via email to each voting member of the New Horizon Loan Program Committee Members, FAAST Treasurer and FAAST Co-Chairs. (Collectively, "Committee")
    a. Committee members may request the LRM in a different format if unable to use PDF or Word
    b. Committee members may request delivery of the LRM in a mode different than email.
    c. Any request outside of the normal delivery format and mode will not extend the allowed voting timeframe for that Committee Member
- Committee members will have a set time frame to place their vote for the proposed new loan.
    a. All votes will end at midnight EST on the date of vote end.
    b. Voting periods will typically be 48 hours minimum but may be reduced from time to time to meet borrower time constraints, as long as no committee member objects to a reduced time frame.
    c. E-Votes may be requested by the PD as often as necessary to keep service times of the program moving quickly.
    d. If a Committee Member does not vote prior to the voting deadline, that Members vote will not be accepted, even if a vote is received after the deadline.
- A vote is only binding when the same number of members of the Committee necessary to make a quorum in a meeting submit a vote for the loan request.
- A LRM is only Approved via E -Vote when all Members who voted on a LRM voted unanimously to approve it.
  If enough Members do not vote on any particular LRM, PD may choose to either resend the LRM under a new voting timeline or present the LRM at the next regularly scheduled Committee Meeting.
- Votes may only be returned to PD in writing via email, in person or fax. Verbal votes will not be accepted nor counted.
- Votes may be returned to the PD in one of two ways: Replying to the email sent to the Committee with the Members voting option clearly stated or sending the LRM back to the PD with the Members appropriate choice of vote clearly marked and their name typed or written on the form.
    a. A vote through a Reply to the email must be a reply to the original email sent from the PD regarding that specific loan request and LRM.

b. In the Reply email, no other comments, business or discussion should be included. If anything, other than a clear reply to the email is included in the email, under the discretion of the PD, the vote may be disregarded in the tally of votes. The PD will determine if the additional language added to the body of the voting email could make the purpose or subject of the vote come under scrutiny.
c. In the event the PD determines a vote is not valid, the Committee Member will be informed and requested to vote again per the policy however this will not extend the voting deadline for that Member.

- Committee Members will have the option to vote as follows:
  a. Approve or Decline.
  b. Request additional information from the PD prior to making a vote
  c. Request a Committee Meeting to open discussion regarding the LRM prior to voting.
- A member may also indicate that they abstain from a vote due to a perceived conflict of interest only. Any abstained vote will not impact the overall voting outcome or be cause for a telephone conference to discuss the loan.
- Voting Outcome and Procedures
  a. Approved loans will be handled as Policy states in Bank Guarantee Loan Approval Process or Direct Loan Processing section.
  b. If a loan is Declined by the majority of voters, no further action will be taken unless consumer requests further action under the Grievance Policy
  c. If a loan is Declined but not by the majority, a loan review teleconference will take place on the Thursday the week following the voting deadline at 2:00 PM if that allows for at least seven day's notice. If voting ended at midnight Friday night, the meeting would take place two Thursdays from then at 2:00 PM. The committee will determine if a vote will take place during the teleconference and a majority vote will determine approval or denial of the loan. The Committee may vote to change any proposed terms of the loan request during the teleconference by majority vote. A quorum must be present.
  d. If a member requests a Committee Meeting to discuss the loan prior to voting, the PD will announce this via email on the Friday following the voting deadline at the latest. If the meeting cannot be noticed by that Friday, the meeting will take place two Thursday's from then to satisfy the seven-day notice period. The committee will discuss the merits of the loan during this call and determine if a vote will be taken. A majority vote will determine whether the loan is approved or declined. The Committee may vote to change any proposed terms of the loan request during the teleconference by majority vote. A quorum must be present.

If a Member requests additional information from the Program Director, this information along with a summary of the request for information will be sent to all Committee Members. A request for additional information does not extend the voting period. If the Program Director is unable to respond prior to the voting deadline, any votes made prior to the deadline will be used for the loan decision.

Underwriting Guidelines

The Loan Committee reserves the right to consider factors in addition to the guidelines set forth below and elsewhere in this Manual.

Credit Criteria Guidelines

Beacon Score: BEACON 5.0, developed by Equifax and Fair Isaac, is a risk assessment model that forecasts the future risk of a consumer's accounts becoming severely delinquent within 24 months. It analyzes the information contained within the credit report and assigns a score based upon risk level. BEACON will only be delivered with a full credit report.

A Beacon Score of 600 or greater is generally considered acceptable. A Beacon Score of 550 to 600 may be acceptable if the credit problems were disability related and/or the applicant(s) has taken corrective action which demonstrates the ability to meet his/her credit obligations. If the application is a joint request, the higher Beacon score for the applicants will be used to determine qualification of loan guidelines however both borrowers credit history will be examined and derogatory credit on the lower scored joint applicant may still be used for a credit decision. The Program Director will provide a summary of both credit reports on the LRM regardless of the credit score being used.

A Beacon credit score of 600 or greater is considered acceptable for the bank guarantee program.

Credit History Guidelines

Significant and continued instances of derogatory credit history is generally unacceptable unless it is related to the individual’s disability and/or the applicant(s) has since demonstrated the ability and willingness to meet his/her credit obligations.

Unpaid collections, unpaid judgments, unpaid charge-offs and open accounts that are currently delinquent are viewed as derogatory credit and fall under the guidelines above.

Bankruptcy typically exhibits severe strain on an individual’s finances and may indicate an inability to meet credit obligations.

Applicants with an instance of bankruptcy on their credit history must show that the bankruptcy has been discharged or has had a disposition dated no less than twenty-four months from the date of the application. Further, there should be a minimum of six months of at least one re-established performing credit account and continued payment performance for any account not included in the bankruptcy for loan consideration.

Applicants who filed Chapter 13 bankruptcy and have successfully completed their entire repayment plan as agreed per the court order may be eligible prior to twenty-four months after disposition or discharge. There should be a minimum of six months of at least one re-established performing credit account, including any account opened during the repayment plan period.

Applicants who filed bankruptcy and had the bankruptcy filing dismissed must have at least six months from the date of dismissal of positive repayment on all open credit accounts.

Additional documentation from the borrower may be requested for various reasons, including to establish that the applicant(s) has paid outstanding balances on delinquent loans, unpaid collections/judgments, or defaulted loans.

A FAAST Direct Loan will not be made to an applicant who has previously defaulted on a prior FAAST direct or guaranteed loan. A FAAST bank guarantee loan will not be made to an applicant who has previously defaulted on a prior FAAST direct or guaranteed loan or who has defaulted on a bank partner loan or account relationship as indicated on the credit report or reported by the bank
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Credit Bureau Review Guidelines

FAAST is a member of the Credit Builders
Alliance (CBA), a non-profit agency which reports members' loan payment data on a monthly basis to
the credit bureaus, using our loan software program, Downhome Loan Manager. All members of FAAST/NHLP staff who regularly pull credit reports, review credit reports and determine adverse action letter needs will be required to obtain Fair Credit Reporting Act (FCRA) Certification with the Consumer Data Industry Association (CDIA) before performing any tasks related to consumer credit reporting. A Credit Policy will be created and updated as needed to ensure compliance with all rules and regulations of credit reporting.

For each loan application, FAAST will obtain a current credit bureau report to assist the Loan Committee in assessing both the applicant's willingness and ability to repay. Borrowers who are applying for additional funding within twelve months of having credit pulled by FAAST may be exempt from having credit pulled again at the discretion of the loan committee. When calculating the debt-to-income ratio, all current liabilities with regular monthly payments (as indicated by the credit bureau report and the credit application/financial statement) will be considered as follows:

Revolving Accounts

On accounts with outstanding balances, payments will be calculated based on minimum payment due as reported by the credit report. Credit utilization may also be calculated from revolving loan balances compared to credit limits of all open revolving accounts.

Home equity lines of credit

On revolving accounts that are secured with home equity, payments will be calculated based on the actual payment due as reported by the credit report.

Open Accounts - traditional American Express card

Do not include these types of accounts in the debt-to-income ratio regardless of the balance. These accounts are due and payable within 30 days and do not have a minimum monthly payment. Note that not all American Express accounts are Open accounts and may fall into the Revolving category. For large balances on this type of card, NHLP staff may request repayment information from the applicant.

Installment Loans

Payments will be calculated using the Scheduled Payment due amount.

If installment debt is expected to be paid off within six months or less, the payment will not be included in the Debt-to-Income ratio.

Student Loans

Student loan accounts are often deferred and have no payment listed. NHLP staff should try to gather as much information as they can to determine when any deferred payment period will end and what an anticipated payment will be. If payments were previously made and the loan is currently in a deferred status, the previous payment amount may be used. Based on the nature of many student loan programs, reason for deferment and how minimum payments are calculated, it may be difficult to use a precise payment if any payment amount at all.

Debt to Income Ratio:

A 50% debt to income ratio is generally acceptable and desired for approved loans. For joint borrowers, a combined debt to income ratio will be calculated which will include all sources of gross income and all sources of debt and housing expenses. For joint borrowers who share debt as indicated on the credit reports, only one instance of that payment will be used for the calculation.

Treatment of Income

An individual's or business owner(s) income includes all wages, salary, commissions, interest, pensions, and other sources of financial support, paid or in kind including

Supplemental Security Income (SSI), Social Security Disability Income (SSDI) and retirement benefits and SNAP/Food Stamp benefits received.

Hourly Income Rates
Hourly income provided by an applicant should be converted to a monthly rate based upon how many hours the applicant actually works.

Income Ranges
If an applicant provides a range for his/her income, the Director will seek further clarification for a more exact figure. If no exact figure can be obtained, an average of the range may be used for the income based on supporting documentation such as prior year W2, most recent pay stub, commission schedule, etc. Example:

> The application states an annual base salary of $10,000 with $15,000 to $20,000 in commissions. The Board may average the commissions ($17,500) and add to the base salary for an annual salary of $27,500.

Rental Income
When an applicant reports the source of income to be from rental property, the income will be adjusted and any debt service on the property (if separate from the primary residence) will be netted out using the following method:

> Gross monthly rent – Monthly mortgage payment (including taxes and insurance) = net amount

The net amount will either be added to debt or to income. Neither the gross rent nor the mortgage payment should be used in the D/I calculation.

Self Employed
The income from self-employed individuals must be verified by evaluating tax returns and schedules. Generally self-employed income can be calculated by taking the net income figure from the various schedules and adding back any non-cash expenses (i.e., depreciation). However, the likelihood the income will continue, and other pertinent facts should be considered. Debt payments serviced through self-employment income should be taken into consideration if those debt payments are reported on the personal credit report. Payments should not be counted twice when calculating debt to income.

Non-Taxable Income
This type of income is often viewed as net income and will have a multiplier applied to the amount to create a gross income amount if the lending policy allows for gross income in calculations. While this may create an income figure that is considered consistent with a gross income policy, FAAST will not apply such a multiplier when calculating debt to income. Fixed incomes are true amounts received without the opportunity to adjust or increase the amount paid whereas employment income, while the employee does not receive the gross income amount, often has the opportunity to adjust withholding categories, resulting in an increase in overall income. For this reason, FAAST will incorporate a gross income policy for employment income and a full income

policy for non-taxable income. Common examples of non-taxable income are social security, SSI and SSDI.

Investment Income
Investment income should be determined by averaging the two most recent year's income, if available. Interest and dividend income may be considered as ongoing income; however, capital gains should be treated as a onetime income opportunity.

Direct Loan Processing

1) Once a complete application is entered into the database, the Program Director will obtain a credit report and review all pertinent information to determine the applicant's eligibility for a FAAST Direct Loan

2) The Program Director will prepare a Loan Request Memorandum for review by the Committee via the email procedures.

3) The Committee will evaluate the summary data, discuss the loan if needed and/or vote on approval or, denial per the procedures. Approvals or denials made outside the FAAST credit policy will require mitigating factors to be identified and documented.

4) If the application is approved, the Program Director will determine a closing date with the applicant and prepare and mail, email or hand deliver loan closing documents to the applicant. The documents include a signed and typically notarized Promissory Note (if closing takes place without the Program Director present) and, if the loan is secured by collateral, a Security Agreement.

5) Once the closing documents are received by the Program Director, a check request package is presented to the Executive Director for review and authorization to fund the loan. The check request package will typically include copies of the LRM with voting results, copy of signed Promissory Note, final invoice or purchase order, any other pertinent information related to the funding. The FAAST bookkeeper will prepare the loan proceeds check.

6) All declined, incomplete and withdrawn applications shall be retained for a period of two years, and then will be properly destroyed. Adverse Action notices will be sent to applicants within all mandated timeframes as required.

7) Grievances: The Loan Committee will review and decide any grievance for the denial of an application for a FAAST Direct Loan or the denial of a request to restructure either a direct loan or guaranteed loan.
   Grievance/Appeal Procedure: Any applicant may petition the NHLP Committee for reconsideration of the application if s/he does not agree with the committee's decision to deny the request The petition must be received by FAAST within 30 calendar days of receipt of the written denial. The applicant should include a

statement to the NHLP committee explaining the reasons he/she feels that reconsideration is warranted. An appropriate alternative format may also be used. The committee will: 1. Review the applicant's statement; 2. Consider any new information; 3. Inform the applicant of its decision in writing or via other appropriate alternative format within five (5) days following the regularly scheduled NHLP Committee meeting that occurs following receipt of the notification of appeal.

Direct Loan Payment Process

1) Payments may be made online, in person or through the mail by check or money order. Borrowers are encouraged to use the DownHome online payment portal and not use cash.

2) Payments received through the DownHome online payment portal will be processed through the Batch Payment function approximately every five days by NHLP staff.

3) Payments received through the mail will be processed using the FAAST accounting manual policies and procedures. Once payments are provided to NHLP staff, one staff member (or other designated FAAST staff) will post each payment into the DownHome system within 72 hours of receipt, create an electronic deposit slip(s) and lock all checks and cash in the designated location. A second NHLP staff (or designated FAAST staff) will complete the deposit using either the remote capture deposit scanner or depositing directly with a bank location and complete any necessary deposit reporting per the FAAST accounting manual.

4) All FAAST financial institution Statements which are used in conjunction with the NHLP will be reviewed by NHLP staff, on a monthly basis to confirm all payments have been recorded properly.

Bank Guarantee Loan Payment Process

The partner bank is responsible for all billing and payments through the program. Payments received by FAAST for Bank Guarantee Loans should be returned to the borrower. The bank will provide either a monthly report of guaranteed loan payment performance or provide FAAST staff with online access to guaranteed loans.

Loan Payment Schedule Modifications

The Loan Program Director has discretionary approval authority for borrower's requests for skip a payments or deferred payments under the following guidelines:

A request for four or more consecutive skipped complete payments must be approved by committee.

A request by a borrower that will extend the loan more than six months in total must be approved by committee – this includes a cumulative time period inclusive of prior skipped payments that have not since been paid.

Summary – the loan director can approve up to three consecutive months of skipped payments for a borrower if needed.
The loan director can approve skipped payments multiple times for the same borrower as long as the borrower does not exceed six months added to the term of their loan.

Interest continues to accrue on the loan and the loan payments missed are neither considered past due nor reported delinquent.

The six-month approval authority does not include any missed or delinquent payments so a borrower may be further behind than six months with delinquent payment reporting to the credit bureaus.

Delinquent Accounts – Bank Guaranteed Loans

The partner bank is responsible for and will handle all collection procedures and efforts. Delinquent accounts will be reported to FAAST monthly or per the contract guidelines.

Collection Procedures – Direct Loans

Delinquent Accounts

All loans are due within 10 days of the set due date as stated in the Promissory Note. A payment not received with ten days of the due date will be considered delinquent. NHLP staff may provide an informal notice to borrowers who have not made a payment following the grace period. FAAST does not currently charge a late fee to borrowers but reserves the right to do so as governed by the Promissory Note.
A loan will be considered past due if a payment is not made within 30 days of the due date.
NHLP staff will process the delinquency report in DownHome each month, between 25 and 30 days of loan due dates. Payments not received for the current payment cycle will be processed as missed payments. NHLP staff will send a letter, via USPS or email, to the borrower no later than 35 days from the missed payment due date. The letter will

inform the borrower that the loan is in a past due status and payment is required immediately in order to avoid negative reporting to the credit bureau companies. The borrower will be encouraged to contact FAAST to discuss any payment troubles and determine how FAAST can help avoid negative credit reporting. If a payment is not received by sixty days of the missed payment due date, NHLP staff will send a letter and email with a demand for payment. A loan exceeding 90-days from the last payment due date will be considered in default. If a payment is not received by ninety days of the missed payment due date and the outstanding loan balance is above $350, an attorney letter will be sent to the borrower demanding payment. Any further correspondence following the ninety-day attorney letter will be with attorney advice or from the attorney directly to work towards collection of the outstanding amount, create a workout plan or recover the collateral.

Charge Off Accounts

All loans exceeding 180 days past the initial due date will generally be charged off within thirty (30) days. Charging off the loan does not mean the debt is forgiven. All charge offs are to be reported to the Board at the next regularly scheduled Board meeting.

Exceptions include:

- The borrower is making payments in accordance with an agreement reached with the collection agency or Program Director.
- The borrower has provided documentation that accident and health (A&H) insurance payments are forthcoming.
- The collateral securing the loan has been repossessed and liquidation is scheduled.
- The Program Director and Loan Committee approve an exception to these parameters.

Past due loans with an outstanding balance of $350 or less and no payments in the past 180 days may be immediately charged off with collection efforts discontinued at the discretion of the Loan Committee. In making this determination, the Program Director and Loan Committee shall evaluate the cost of collection efforts against the probability of further payments. Once an account of $350 or less is charged off, it generally will not be sent to a collection agency since there is little chance of collection.

Bankruptcy

A loan will generally be charged-off within ninety (90) days after commencement of any proceeding seeking to adjudicate the loan obligor to be bankrupt or insolvent.

Exceptions include, without limitation:

- The loan is current.
- Reaffirmation of the loan is pending, or the loan has reaffirmed and regular payments have continued.
- The loan is being paid outside the plan (Chapter 13).

The NHLP Director and Committee must approve any and all exceptions to these parameters.

Death

A loan balance will generally be considered written off and forgiven within ninety (90) days after being notified of the death of a loan obligor if there is not a co-borrower.

Exceptions include, without limitation:

- The executor or administrator or individual legally responsible for estate has indicated life insurance benefits will be forthcoming prior to account reaching 180 days past due.

- Payment arrangements have been made by the loan obligor,

- Payment arrangements acceptable to FAAST are made with executor/ administrator, individual legally responsible for estate or an individual/guarantor accepting responsibility for the obligation to bring account current within 120 days.

- The loan is secured by collateral and FAAST is seeking to take possession of the collateral for repayment of the loan.

Restructured Loans

A request to restructure existing loan terms in order to reduce the monthly payment obligation of the borrower will be handled as a new loan request and the Program Director will present the restructure request by following the new loan request procedures and the Loan Committee will vote on each request.

An existing bank guaranteed loan that is approved for restructure in order to prevent bank charge off will be purchased from the Participating bank and it will become a new FAAST Direct Loan.

The terms of all restructured loans must be disclosed to the applicants.

Generally, a loan may be restructured one time during the life of the loan. Typical reasons for a request to restructure may be due to a change in employment or income status, compounding disability, change in housing expenses or unexpected family expenses resulting in extreme hardship case.

Debt Forgiveness

For loan amounts up to $10,000, the loan committee, after review of the written request by the borrower, may approve forgiveness of outstanding debt. For loans over $10,000, the loan committee may recommend to the Board of Directors that the loan debt be

forgiven. A majority vote of the Board at the next scheduled Board meeting is required to forgive the debt.
Debt may be forgiven for the following reasons:

- Medical/physical change
- Compounding disability
- Change in income
- Unexpected family expenses
- Other reasons that negatively impact the anticipated ongoing payment capacity of the borrower.
- Death of the Borrower

If a loan is forgiven, a letter will be sent to the loan holder for their signature attesting to the statement of facts presented in the hardship letter.

Repossessions

The Committee will evaluate delinquent secured loans for potential repossession after the loan exceeds 180 days past due, or earlier if voluntary or payment viability is deemed unlikely and the potential anticipated sale proceeds exceed the cost of repossession.

Prior to repossession activity, the Committee will review the account to:

- ensure there has been diligent collection activity in accordance with this Manual,
- evaluate the potential value of the repossession and liquidation sale compared to the expense incurred to FAAST.
- determine if the reasons for non-payment warrant an exception for loan modifications or debt forgiveness, and
- determine if the repossession process should proceed.

The NHLP Director and Committee must approve all exceptions to these parameters.

Other Procedures

Collateral

FAAST may require that a FAAST Direct Loan be secured by collateral; provided, however, no loan will be secured by real estate. Any loan that will be secured by collateral must be closed with both a Promissory Note and a Security Agreement. Any vehicle will be secured with FAAST represented as a lien holder on the title using FAAST's lienholder number through DTI.

Closing Deadlines

FAAST Direct Loans must be closed within ninety (90) days after the date of approval.

Loans for repairs of Assistive Technology

Applicants may request funding for repairs to assistive technology devices and equipment. A loan to bring a device back to working, sufficiently functional and safe condition may often save the borrower considerable expense versus buying a new product while also extending the life of the device to a length of time that makes sense based on the repair cost. Typically, a loan for repairs may take into consideration the age of the device, expected life span after repair, is the repair for cosmetic damage, does the repair directly impact the use of the device as assistive technology, is the original manufacturer providing the repairs, is the request for routine recommended maintenance, the repair cost compared to the value of the item, is the repair necessary due to abuse or negligent actions. These factors will help in determining if the repairs are warranted under the program, but each request is individual and each repair circumstance is different so additional factors and information may be used to assist in determining an approval of such a request.

Financial education

Will be offered to all applicants through the loan program. All applicants must assume personal responsibility in conjunction with their financial education.