



March 2022 NHLP Committee Meeting

Minutes

March 10, 2022

2:00-3:00 PM EDT

1. Opening

Mr. Brandon Palermo called the meeting to order at 2:03. 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

Members of the Public: None

A quorum was established.

2. Approval of Agenda

No members of the public commented. Mr. Reed requested that an agenda item for SS-CS van repair discussion is added. Mr. Hall motioned to accept the agenda with the change. Mr. Escallon seconded and the agenda was accepted.

3. Approval of minutes

Minutes from the February 10th committee meeting was presented for approval. Mr. Palermo motioned to approve the minutes. Mr. Brown 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 February meeting. He noted the continued negative change in the investment balances as a result of market downturns. He also briefly described the situation involving a new loan that will be turned over to our attorney for collection attempts.



5. NHLP Manual Revisions

Mr. Reed gave background and justifications for each proposed policy change. All proposed policy changes were accepted by the committee. Mr. Palermo motioned to accept the revised manual and look at a pilot program in April. Mr. Escallon seconded the motion and the revised manual was accepted by the committee.

Mr. Escallon began a discussion regarding the process for repetitive loan requests, such as hearing aids, asking if there might be a way to streamline the approval process to save operational time. Mr. Palermo suggested looking at a minimum credit score and DTI to use for a program. Mr. Escallon requested Mr. Reed to provide a possible pilot program format to the committee at the next meeting.

6. CC rescue payment loan modifications request

Mr. Reed gave some background on the continued bank guarantee payment struggles that CC is having which has led to her not making payments on the rescue payment loan that was approved for her in 2021. Mr. Reed presented a restructure of the rescue plan which reduces the payment requirement to \$20. Mr. Escallon recognized the importance of approving this but noted this is the second time that we have worked with her and this should be the last time we extend rescue payment efforts. Mr. Reed will explore if a 2nd lien can be placed easily on the van. Mr. Escallon motioned to approve the modification request and Mr. Palermo seconded. The modification was approved.

7. SS-CS van repair expense

Loan history was provided by Mr. Reed along with updates to how the van repair is going. The dealership that is completing the repairs has stated that they expect repairs to reach \$5,000 if not more based on the difficulty of the repairs. This will cause repair costs to exceed the loan amount that SS and CS are obligated for. Questions were asked about who owns the van (SS and CS; FAAST is lienholder) and what happens if SS and CS decide to keep the van and continue driving after FAAST has paid some repairs that they are not responsible for. Mr. Reed does not think that is an option for them to keep the van. Ms. English-Charles requested that the borrowers receive a letter that will require them to acknowledge and agree to repairs and also agree to incur all repair costs in addition to their loan amount if they decide to keep the van and continue driving. Mr. Escallon motioned to proceed



with the recommendation of Ms. English-Charles. Mr. Brown seconded. The motion passed.

8. Closing

There was no public comment.

There was a request to change the date of the next meeting from April 14 to April 21st. A survey will be sent to ensure a quorum of committee can be established on that day.

Mr. Palermo adjourned the meeting at 3:03 pm.

The following loans have all been impacted by the death of a borrower or the user of the AT the loan was provided for. The collateral for all loans will be sold.

The recommendation is to forgive any debt that remains following a reasonable sale of the AT which may result in a loss to FFAST.

MP – Individual borrower, passed away. Family returned the GRIT chair that was purchased with the loan and also donated a fixed frame wheelchair to FFAST. MP purchased the GRIT chair for \$3,743 in March 2019. The balance on the loan is \$1,688. The program director is working with a former rep of GRIT, who now lives in Florida and is contact with GRIT riding groups, to see if there is someone interested in the chair. If that does not work, it will be posted on FFAST social media, website, etc. While the chair has been used a lot, as MP used it on farms and horse ranches, it is still in working condition and at over half off a new one, the full loan amount is expected. If any loss occurs, it is not expected to be more than \$300-\$500.

SS-CS – Joint borrowers, purchased van through the bank guarantee program, so they would have transportation for their granddaughter. The van is a 2010 Grand Caravan SXT with side entry and 79,000 miles. The granddaughter passed away shortly after loan closing but payments continued as the van was the primary transportation for SS. SS contacted FFAST in late 2021 to request the van be voluntarily turned over. A new loan was created, the bank was paid off, and repairs to the van were made, which exceeded \$5,000. Per different discussions with NHLP committee and borrowers, the borrowers have a loan for \$22,000. \$19,684 is what was owed on the initial loan and the remaining amount is repair costs. The van will not be able to be sold to a dealer for the \$22,000 but could be sold to an individual for that amount, probably resulting in a new loan from FFAST to the borrower to purchase it. While this gets the full loan amount paid off, it creates a new loan for a twelve-year-old van. A sales price to a dealer of \$17,000-\$19,000 should be possible and would get the van out of the hands of FFAST. While this would create a loss to FFAST, it would be the quickest way to get out from under the situation and not create new financing risk for FFAST. The total amount paid into the van, after the repairs, is approximately \$25,020. It is recommended that the borrowers be released from the loan obligation regardless of what FFAST decides to sell the van for which might avoid FFAST taking title, registering the van, obtaining insurance and maintaining it while finding a private buyer.

Another option would be to allow the most recent borrower approved for the bank guarantee program to purchase the vehicle for a reduced price to allow for a shorter term (five years) vs the traditional seven-year loan from the bank. Due to the age of the vehicle, a seven-year loan has added risk. A sales price of \$18,500 would create a loan with five-year payments similar to a seven-year loan at \$25,000.

NS-JS – Joint borrowers, NS is the 76-year-old mother of JS, who passed away in January. The loan balance is \$9,967 and the collateral is a 2007 Ford Econoline Van. There was also a pontoon boat, in very poor condition at one time as collateral but NS sold that when money was very tight. The van is currently in the possession of a local mobility dealer, who has always worked to help out NS and is trying to sell it for her. He initially thought he could get \$8,000 for it but this has not happened yet. Since the death of JS, NS has filed for bankruptcy. It is recommended that any balance following the sale of the van, regardless of the sales price, is forgiven and NS is released.

Hearing Aid Loan Pilot Program

FAAST's New Horizon Loan Program (NHLP) has seen significant growth in the hearing aid loan segment and recognizes the lack of available, reasonable funding for individuals with hearing loss to assist in the purchase of hearing aids. The NHLP will begin a Hearing Aid Financing Pilot Program to help streamline the approval process of new loan applications which will reduce the burden on staff and committee members as well as provide better service to clients and audiologists.

A study of all prior hearing aid loans has been completed to help create new underwriting criteria that will allow for quick approvals by program staff, without the need to create detailed loan memos for committee members to review and vote on. Any hearing aid loan requests that do not fit within the Pilot Program credit criteria will still be processed through normal loan request procedures.

Pilot Program funding and timeline

All hearing aid loan requests that fit within the below underwriting criteria will be a part of the pilot program. There will not be a maximum number of loans or dollar amount loaned.

Program will be in effect from 4/21/2022 – 9/30/2022 for new loans. All loans closed within that time period will be reviewed for payment performance and reported to the loan committee during the September and October committee meetings. The committee will then determine whether to continue the program, pause and monitor or discontinue.

Regardless of the committee decision, a review of the initial Pilot period loans will take place and be presented at the April 2023 meeting.

A \$6,000 loan loss maximum for the first 12 months of Pilot program loans will be used. If this amount is reached prior to 9/30/2023 through the charge-off of loans closed prior to 10/1/2022, the program, if still in effect, will be paused and reevaluated.

Underwriting Criteria

635 minimum credit score

50% DTI maximum

An applicant with no credit score is ok with DTI of 40% or below and no charge off or collection accounts (medical exception).

Employment income has been stable for six months.

Credit not trending negative – open accounts are being paid as agreed and there is not a current trend of accounts consistently past due or entering charge off status. Prior charge offs (12 months) and prior delinquent payments are ok.

If there is an instance of bankruptcy or a history of multiple charge off accounts, there must be reestablished credit since the negative occurrence or discharge occurred and the reestablished credit was paid successfully or is currently being paid as agreed.

Outstanding medical collections or debt will not be taken into consideration for any loan decision.

Student loan debt in collections or charge-off status will not be taken into consideration for any loan decision.

Future payments for student loan debt that is currently on deferment will not be used for underwriting.

Co-borrower credit history and score will not be included in above underwriting criteria as long as the DTI remains at or below 50%.

All loan requests that fit the Pilot guidelines will be automatically approved.

Loan Terms

\$7,500 - Maximum loan amount

Maximum terms:

5 years \$5,000-\$7,500

4 years \$3,000 - \$7,000

3 years \$2,000 - \$7,000

2 years \$1,000 - \$7,000

Hearing Aid Loan History

58 loans closed (\$272,615 total funded)

17 loans have been paid in full

41 open loans (\$165,633 current balances)

No loans have charged off to date

Seven of the 41 are not on track to be paid by maturity due to missed payments or deferred payments. Of the seven:

Three are only one or two payments off schedule with payments currently being made.

One is a total of three payments off schedule with the last payment received in February.

One is a total of ten payments off track due to both deferments and missed payments. The last payment was received in March. Potential charge-off estimated to be \$2,200.

One is two payments off schedule due to the last two payments being returned due to NSF. Potential charge-off estimated to be \$5,000.

One is on a committee approved deferment plan through May and is over twelve months off track but only owes \$326, the equivalent of four payments. Potential charge-off estimated to be \$326.

In reviewing the loans, three have elevated risk to become charge-off loans. The total expected maximum charge-off is \$7,526. This calculates to a current charge-off ratio of 4.50% and which is higher than the overall program. The borrowers of these loans all have credit scores below the proposed 635 minimum requirement so they would not be a part of the pilot program if they applied today.

Historical Credit and DTI

701 – Average credit score for approved hearing aid loans.

33% - Average DTI for approved hearing aid loans.

46 – number of loans approved with credit scores over 635

55 – number of loans approved with DTI of 50% or below