



**FAAST**  
**New Horizon Loan Program**  
**Administrative**  
**Procedures Manual**

***Adopted by the New Horizon Loan Program  
Committee - January 14, 2021***

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## 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, upcoming expenses, and new financial obligations.

**Delinquent account** is a loan that has not been paid as agreed and is at least 60 days past due.

**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.

**Income** includes but is not limited to 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.

**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).

**Telework**, often referred to as Telecommuting, are interchangeable terms for an employment outcome in which the individual conducts business activities that would otherwise be completed at an office or workplace and also includes self-employment opportunities.

## **Purpose of the FFAST New Horizon Loan Program**

The Florida Alliance for Assistive Services and Technology, Inc. (FAAST), which administers the FFAST New Horizon Loan Program is a 501(c)(3) not-for-profit corporation. FFAST 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. FFAST 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 FFAST 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 FFAST 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 FFAST programs and services, go to: [www.faast.org](http://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--
  - (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.

### 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 loans will adhere to the requirements set forth in the Final Order.

## Overview of the Loan Program

FAAST operates its programs to provide assistance with loans in the purchase of assistive technology or assistive services designed to enable persons with disabilities to become more independent or more productive members of the community with 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. These programs include two types of loans with reasonable interest rates:

1. Alternative Finance Loan.
2. Telework Loan.

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.

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 38 AFPs in the United States and territories, through which applicants can purchase any type of assistive technology.

Telework/Telecommuting are interchangeable terms for an employment outcome in which the individual conducts business activities that would otherwise be completed at an office or workplace. Telework loans apply to work at home or work in an office or other workplace setting. The loans are available to Floridians with disabilities that require AT in order to obtain employment, maintain employment or to establish a self-employment enterprise.

Financial education will be offered to all applicants by the Program Director. All applicants must assume personal responsibility in conjunction with their financial education.

## **FAAST New Horizon Loan Program Administrative Procedures**

The NHLP shall be administered and managed by the FAAST NHLP Director (Program Director), 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.

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.

### **Product Profile**

The New Horizon Loan Program involves three programs in which applicants can apply and a fourth program which may be recommended to applicants.

1. FAAST Direct Loans - Loans made by FAAST directly to the applicant, which do not involve a Participating Bank.
2. FAAST Guaranteed Loans - Loans made by a partner bank or organization to the applicant only if FAAST guarantees the loan.
3. FAAST Interest Buy-Down Loans – Loans made by SELF, Inc, 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.
4. 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 an AT Direct Loan.

## **FAAST Direct Loans**

Direct Loans are reviewed and decided by the Program Director or the NHLP Loan Committee. The loans are booked and serviced by FAAST.

<b>Direct Loans by FAAST</b>		
<b>Type of Loan:</b>	<b>Secured</b>	<b>Unsecured</b>
<b>Purpose:</b>	Assistive Technology	Assistive technology Assistive services Home Modifications Vehicle Modifications
<b>Minimum Loan:</b>	NA	NA
<b>Maximum Loan:</b>	\$25,000	\$25,000
<b>Rate:</b>	Determined by the Loan and Executive Committee	Determined by the Loan and Executive Committee
<b>Term:</b>	\$0-\$500 6-24 months	\$0-\$500 6-24 months
	\$501-\$2,500 12-60 months	\$501-\$2,500 12-60 months
	>\$2,500 - 12- 60 months	>\$2,500 - 12- 60 months

### **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 significant 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 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 borrower's 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, and tax included in the cost.

## **FAAST Bank Guarantee Loans**

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.

Applicant Product Profile		
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 Loans**

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 debt obligations must be current as reported on the credit report.
3. Any collection accounts, with the exception of medical, must be either in a payment plan, with payments current, or older than 36 months.
4. Bankruptcy discharge 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.
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.

## **Lending Guidelines**

All loan applicants, whether applying for a FFAST direct loan or a bank guaranteed loan will be treated the same and will follow the same initial process to seek loan approval. Only after the FFAST approval process is completed would a bank guarantee loan applicant be provided the bank application and bank contact if they were approved by FFAST. 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.

FFAST 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.

FFAST may require that the applicant pledge collateral to secure the loan. Real estate will not serve as collateral.

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 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.

## **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 NHLP Program Director and FAAST staff.

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

The Loan Committee will meet in person, at FAAST Board meetings or by telephone 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. Teleconferences may be held without a quorum, but no official action may be taken. If a committee consists of three people and the Board Chair attends, who is a voting member, a quorum is present. However, if a committee consists of three members and the Board Chair is not attending the meeting, two voting committee members must be present to create a quorum.

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 applicable Committees of the Board of Directors and are subject to the Board of Directors' ratification.

FAAST loan application forms will be distributed throughout the State of Florida. Only complete applications on the current application form will be accepted.

An applicant will 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 the NHLP Director for completeness. If an application is incomplete, the applicant will be notified of the additional information that is necessary to complete the application process.

All completed applications received are entered into FAAST database for tracking and federal reporting purposes.

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 and program requirements and also has the discretion to present a loan request that may not meet the program credit guidelines. A loan whose purpose does not meet the program requirements will be declined by the Program Director.

### ***Applicant Loans in General***

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 discretionary income or 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 Direct Loan) 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.

### ***Telework Loans***

Telework is employment in which the individual uses his/her home as an office or “home base,” but for whom much of the workday is completed at remote locations. Contractors, traveling salespersons, and individuals who are self-employed may qualify. For purposes of this program, it is assumed the loan proceeds will enable a person with a disability to become employed or self-employed, maintain employment or remove a barrier to employment. In addition, persons who are currently employed, but must work from their home as a result of the limitations of their disability, may be eligible as a telecommuter. Telework may be full time, part time, periodic or ad-hoc. The key is the activity, not how often it’s done.

Telework equipment, supplies or inventory may include: Assistive Technology services, computer, printers, and related peripherals, software, fax machines, scanners, office machines (e.g., calculators, etc.), telecommunication devices, office furniture, home modifications for accessibility and/or to create home offices, assistive technology or machinery.

A telework loan may be approved only if the loan application meets FFAST's underwriting criteria and if the loan has a very high likelihood of enabling a Florida resident with a disability to either (a) increase income through telework or (b) initiate telework to avoid losing income through a loss of or reduction in employment or self-employment.

Telework loans require compliance with the requirements for other types of FFAST loans and confirmation of the following steps:

1. Determination that the disability itself creates a barrier(s) to employment
2. Determination that the proposed telework helps overcome the barrier(s) to employment
3. Determination that the proposed location is appropriate based on the nature of the proposed telework, and
4. Determination that the equipment will enable or significantly assist the proposed telework.
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 through telework;
  - b. Increase income by telework in addition to an existing job;
  - c. Remain employed at his/her current level, and prevent job loss or a reduction in earnings, through telework; 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.

### ***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 woman with a personality disorder loses jobs due to conflicts with co-workers. She gets a loan to set up an electronics shop at home, paying for machinery, tools, and electronics school.
- 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.

### **Approval Process for FFAST 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. There are no current collection, judgement or past due accounts reported other than medical collections.
5. Loan amount is below \$8,000 for Secured Loans
6. Loan amount is below \$3,000 for Unsecured Loans

If an application does not meet the above criteria or at the Program Directors discretion if the application does meet the criteria, and the Program Director determines the loan application to be "Qualified" for a FFAST Direct Loan, then the Director will send 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, FFAST will consider different underwriting guidelines for these loans.

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

For unsecured loan requests above \$10,000, the following guidelines will be used:

<b>Loan Amount</b>	<b>DTI</b>	<b>Credit Score</b>
\$10,000 - \$16,000	42%	610

No charged off accounts 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%	625
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No charged off accounts within past 36 months, no collection accounts added within past 36 months (medical exception). All open accounts current for past 24 months. Income source consistent for prior 12 months (exception if new SSDI which provides for DTI).

## **Bank Guarantee Loan Approval Process**

- 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 two years, and then will be properly destroyed. Adverse Action notices will be sent to applicants within all mandated timeframes as required.

### ***Approved Loan Amount Modification***

In the event that 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 more than \$1,500 above the approved 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.

#### **Examples**

<b>Approved / New Loan</b>	<b>Approved / New Pmt</b>
\$500 / \$600	\$22.05 / \$26.46 (24 months)
\$1,000 / \$1,200	\$30.20 / \$36.24 (36 months)
\$5,000 / \$5,500	\$116.28 / \$127.91 (48 months)
\$12,000 / \$12,500	\$229.21 / \$238.76 (60 months)

## E-Vote Procedures

The Program Director (PD) may seek loan approvals for any loan request through an E-Vote Procedure.

The E-Vote Procedure will be as follows:

1. 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 (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
2. Committee members will have a set time frame to place their vote for the proposed new loan.
  - a. All votes will end at 5:00 PM on the date of vote end.
  - b. A minimum of 48 hours will be given to vote.
  - c. E-Votes may be requested by the PD as often as necessary to keep service times of the program moving quickly.
3. A vote is only binding when the same amount of members of the Committee necessary to make a quorum in a meeting submit a vote for the loan request.
  - a. A LRM is only Approved via E vote when all Members who voted on a LRM voted unanimously to approve it.
  - b. If a Committee Member does not vote prior to the appropriate 5:00 PM deadline, that Members vote will not be accepted.
  - c. 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 in a called Committee Meeting the following Thursday.
4. Votes may only be returned to PD via email, in person or fax. Verbal votes will not be accepted nor counted.
5. 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 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.
6. Committee Members will have the option to vote either Approve or Decline. Or a Member may request additional information from the PD prior to making a vote and/or 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.
- 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 the following Thursday at 3:00 PM. A vote will take place during the teleconference and a majority vote will determine approval or denial of the loan. The Loan 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. The meeting will take place on the next Thursday after voting closed at 3:00 PM. During this teleconference, a majority vote will determine whether the loan is approved or declined. A quorum must be present.
  - e. 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. Program Director will provide a summary of both credit reports on the LRM regardless of the credit score being used.

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

### ***Credit History Guidelines***

Significant 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 and current delinquent accounts are viewed as derogatory credit and fall under the guidelines above.

Bankruptcy typically exhibits severe strain on an individual's finances and indicates 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.

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

### ***Credit Bureau Review Guidelines***

For each loan application, FFAST will obtain a current credit bureau report to assist the Loan Committee in assessing both the applicant's willingness and ability to repay. 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:

#### **R - Revolving Accounts (not including Equity Lines of Credit)**

On accounts with outstanding balances, payments will be calculated based on minimum payment due as reported by the credit report.

#### **R- Equity Revolving Lines of Credit**

On revolving accounts that are secured with home equity, payments will be calculated using 1.5% of the outstanding balance.

#### **O – Open Accounts (American Express, Diners Club)**

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. Open accounts may also include a debt that is not required to be repaid at the present time, such as a student loan that is deferred. Note that not all American Express accounts are Open accounts and may fall into the Revolving category.

#### **I – Installment Loans**

The monthly payment is usually reported under the "term" column on the credit bureau report, and should be consistent with the application/financial statement.

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.

### ***Debt to Income Ratio:***

A 50% debt to income ratio is generally acceptable.

### ***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.

### **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. 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:

$$\text{Gross monthly rent} - \text{Monthly mortgage payment} = \text{net amount}$$

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.

### **Non-Taxable Income**

The following types of income should be grossed up to adjust for the non-taxable status prior to calculating the debt to income ratio.

Social Security  
Disability  
Public Assistance (excluding Unemployment)  
Tax-Free Interest Income

If the income is one of the non-taxable categories above, calculate the grossed up amount using the following calculation, rounded to the nearest dollar:

**Income amount multiplied by 1.25 = grossed up amount (rounded to nearest dollar)**

### **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 FFAST 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 FFAST 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 FFAST 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 FFAST 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 FFAST 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.
- 2) Each payment will be posted by designated FFAST staff in the NHLP Direct Lending software within 24 hours of receipt and a copy will be placed in a designated payment notebook or stored electronically.
- 3) Checks and money orders will be given to designated FFAST staff for deposit and further processing.
- 4) All FFAST financial institution Statements which are used in conjunction with the NHLP will be reviewed by the Program Director, 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 FFAST 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 FFAST 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.

## **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 FFAST on a monthly basis 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 grace period of fifty days will be observed if a payment has not been received within 10 days of the due date. At the end of the combined 60 day time period from initial due date, the loan will be considered delinquent if:

1. The full monthly payment amount has not been received
2. The borrower has not requested a payment extension which has been approved by FFAST

A loan which becomes 30 days delinquent (90 days from initial due date) will be reported to the credit reporting agency if FFAST is reporting loan payment history to the credit reporting agency or agencies at that time. The loan will continue to be reported as delinquent until such time that a payment is received equal to one full monthly payment due per each 30 day delinquent period.

For example: If borrower X has a payment due on March 1 and makes his payment prior to April 30, the loan will be considered current. However, if a payment is not made prior to April 30<sup>th</sup>, the loan will then be considered delinquent. Further, if borrower X failed to make a payment by May 29<sup>th</sup>, the monthly report to the credit reporting agency would reflect the loan is 30 days or one payment past due.

In the example above, if only one payment was made any time after April 1<sup>st</sup>, that payment would satisfy the March 1<sup>st</sup> payment only and the April 1<sup>st</sup> payment would still be due. The same time schedule would be applied for the April 1<sup>st</sup> payment, making it delinquent on May 31<sup>st</sup>.

### ***Charge Off Accounts***

All loans exceeding 180 days past the initial due date will generally be charged off within thirty (30) days of the account exceeding 180 consecutive days past initial due date unless an exception applies. Charging off the loan does not mean the debt is forgiven.

#### Exceptions include with limitation:

- 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 within ninety (90) days after the date on which the loan became 120 days delinquent.
- The Program Director and Loan Committee approve an exception to these parameters. All charge offs are also to be reported to the Board at the next regularly scheduled Board meeting.

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 Program Director and 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. All such charge-offs are required to be reported to the Board at the next regularly scheduled Board meeting.

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 will generally be charged off within ninety (90) days after the death of a loan obligor.

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 FFAST 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.

### ***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 FFAST 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 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.

If 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 FFAST.
- 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***

FFAST may require that a FFAST 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.

#### ***Closing Deadlines***

FFAST Direct Loans must be closed within ninety (90) days after the date on which the applicant is notified of loan approval.

### ***Bank Partner Loans***

Other underwriting criteria and guidelines may be used by the bank partner for final loan approval of these guaranteed loans. FFAST 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.

### ***SELF Loans***

SELF loan applicants do not go through FFAST approval procedures prior to applying through the SELF application site. SELF will provide FFAST with monthly summaries of the loans that were approved for the FFAST 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.

### ***Credit Builder Loans***

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. Once a credit builder loan is approved, as long as 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.

### ***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.