

# Policies and Procedures for Appalachian Assistive Technology Loan Fund's (AATLF's) Mini-Loan Program

## **I. Appalachian Assistive Technology Loan Fund's (AATLF's) Mini-Loan Program**

The mission of AATLF is to provide access to assistive technology through low or no-interest cash loans to individuals with disabilities and their families for the purpose of gaining greater independence, productivity, and inclusion in the community.

AATLF's Mini-Loan Program is a revolving loan fund for residents who live in Pennsylvania and states in the Appalachian region who are purchasing assistive technology devices and services. As loans are repaid, those funds will be used to finance additional loans.

## **II. Definitions**

### **A. Assistive Technology (AT)**

An assistive technology (AT) *device* is defined by the federal Assistive Technology Act as "any item, piece of equipment or product system, whether acquired commercially off-the-shelf, modified, or customized, that is used to increase, maintain or improve functional capabilities of individuals with disabilities."

Further, an assistive technology *service* is "any service that directly assists an individual with a disability in the selection, acquisition, or use of an assistive technology device." Training, repair, and other such services are also included within the definition of an AT service.

### **B. Direct Loans**

Direct loans (Mini-Loans) are zero interest (0%) loans made internally from available loan capital for individuals requesting from \$100 to \$7,000 with zero fees.

## **III. Interest Rates and Terms**

### **A. Rates**

AATLF's Board of Directors establishes the interest rate for Mini-Loans. The interest rate is reviewed on an annual basis unless economic conditions warrant more frequent reviews. Based on the guidelines from the PA Department of Banking, AATLF will not establish an interest rate of 6% or more.

### **B. Terms**

In most cases, loans will be structured on a monthly repayment schedule, although more flexible loan structures can be developed as appropriate to a borrower's situation. Loan terms may range from 60 days to four (4) years with a minimum monthly payment of \$20 with emphasis on the monthly payment that is most affordable to the borrower without causing financial hardship.

## **IV. General Loan Guidelines**

### **A. Loan Amounts**

Applicants who are found to be credit-worthy can borrow from \$100 to \$7,000.

### **B. Interest Rate and Loan Fees**

All Mini-Loans have an interest rate of 0%. There are no fees (e.g., application, document, closing costs) connected with the Mini-Loan Program.

### **C. Loan Terms**

Repayment terms are determined by a qualified individual's capacity to repay and shall not exceed forty-eight months (4 years) with a minimum monthly payment of no less than \$20.

### **D. Allowable Equipment**

AATLF will extend Mini-Loans to purchase a broad range of assistive technology devices and services including services related to the assistive technology, or co-payments required for the purchase of devices and services funded by public and private entities. Examples of devices and services include the following:

- Wheelchairs and scooters
- Braille note takers
- Tablets and computers
- Smart home technology
- Telecommunications devices
- Aids for daily living
- Visual aids with voice output or magnifying features
- Accessible home modifications
- Hearing aids
- Seat lift chairs

### **E. Eligibility**

Eligible Applicants must be:

1. A resident of a state within the Appalachian region and 18 years or older;
2. An individual with a disability, parent of a child with a disability, family member caring for dependent(s) with a disability or older resident who would benefit from assistive technology;
3. Legally able to enter into a binding contract with a lending institution;
4. Able and willing to repay a loan.

## **V. Application Process**

### **A. Initial Contact**

When an individual contacts AATLF, staff will review the individual's needs and provide technical assistance regarding the device requested. AATLF staff and/or Kentucky Assistive Technology Loan

Corporation (KATLC) or Kentucky Assistive Technology Service (KATS) Network staff will provide information about other potential funding resources when appropriate.

If the individual decides to apply for a Mini-Loan, AATLF, KATLC, or KATS Network staff will mail or email an application packet. The packet will contain Frequently Asked Questions, the loan application form, an instruction sheet, and a “privacy rights” handout.

## **B. Application**

AATLF loan application is available electronically, in print format, and in large print or Braille. Required application information shall include:

1. Applicant’s legal name and contact information;
2. Two (2) forms of identification for the applicant;
  - a. Government-issued photo identification
  - b. A second form of identification
    - i. Same applies to co-applicants
3. If applicable, nature of relationship to the person with a disability who will use the assistive technology;
4. Identification of the assistive technology that the applicant plans to purchase including;
  - a. Description of how the assistive technology will improve the life of the person with a disability, eliminates barriers, and/or increase independence
  - b. Loan request that is consistent with the cost of the assistive technology
  - c. A quote with complete contact information for the vendor, contractor, or individual from whom the assistive technology will be purchased
5. Complete personal financial statement;
  - a. Documentation of monthly income (must provide proof of income) and expenses
6. Signed statement verifying truthfulness and accuracy of all information submitted;
7. Signed statement authorizing release of information about the applicant;
8. Signed statement authorizing PATF to obtain personal credit information;

AATLF does not ask for proof of disability. However, the loan review committee may ask the applicant to provide an explanation as to how the needed device meets the federal definition of assistive technology if it is not readily apparent.

## **C. Application Assistance**

People interested in applying for a loan may request an application packet by calling or emailing KATLC, KATS Network, or AATLF.

## **D. Initial Application Review**

Upon receipt of a completed application, AATLF staff will assign a case number to the application to maintain confidentiality and will perform an initial review to verify that the application is complete and the applicant seeking a loan for assistive technology is either an individual with a disability or older resident, a family member, or a caregiver. Additional information to verify the need for and appropriateness of the assistive technology may be requested from the applicant.

## VI. Standards and Criteria for the Loan Program

The following chart outlines the standards that AATLF follows in administering the Mini-Loan program. These standards may be reviewed and revised from time to time to comply with state, federal, and funder requirements.

Standard	Acceptable Criteria for Applicants
Type of residence	Applicant owns or rents his or her residence, and payments to the mortgage company or landlord have been made in a timely fashion for the previous 12 months.
Proof of residence	<p>An applicant and co-applicant must provide proof of residence within the Appalachian region. The following items may be used to demonstrate residence (e.g., applicant's address):</p> <ul style="list-style-type: none"> <li>• A photocopy of driver's license</li> <li>• A photocopy of voter's registration card</li> <li>• A utility bill within last 30 days</li> <li>• A photocopy of non-driver's identification</li> </ul>
Proof of income	An applicant and co-applicant will be required to provide proof of their income. Acceptable documentation may include copies of IRS income tax return, a current pay stub, W-2 form, an SSI/SSDI verification letter, acceptable documentation based on type of income, or bank statement noting SSI/SSDI deposits.
Gross income	There is no specific income eligibility requirement for a Mini-Loan. Primary consideration will be the ability and commitment to repay the loan.
Credit history	<p>The loan review committee will carefully consider credit reports and may decline a Mini-Loan for applicants with poor credit management. Credit history priorities are:</p> <ol style="list-style-type: none"> <li>1. Positive credit history (on-time payments) related to repayment of debts and expenses within the past 12 months. Previous credit issues have been worked out with the creditors and/or debts, expenses, liens, and/or collection balances have been reduced.</li> <li>2. Bankruptcies must be discharged for a minimum of 12 months. A copy of the court release of bankruptcy may be requested. Bankruptcy discharged for less than 12 months may be excused, especially if related to the individual's disability, provided the individual has taken appropriate steps to resolve the credit problems (e.g., negotiating repayment schedules with current creditors, reducing debt, and living expenses). Prior bankruptcies, defaults, delayed payments, or other credit problems may be considered on a case-by-case basis.</li> <li>3. Negative credit history is generally unacceptable if not related to the individual's disability. Negative credit history includes credit score below 600.</li> </ol> <p>An applicant who lacks acceptable credit may apply or reapply with a qualified co-signer or may apply for a loan should their credit history</p>

	improves.
Debt-to-income ratio	<ol style="list-style-type: none"> <li>1. The loan review committee will generally consider a maximum of 50% debt-to-income ratio if the borrower can document sufficient cash flow to make loan payments.</li> <li>2. Applicant's monthly payment for the AATLF loan will be included in determining debt-to-income ratio.</li> <li>3. An applicant with a higher debt-to-income ratio who has a compelling reason, or an extenuating circumstance may be given an opportunity to explain how they are going to address this requirement.</li> </ol>
Beacon / FICO score	The loan review committee will generally consider a Beacon/FICO score of 0 (no credit history) or a credit score of 600 and higher.
Credit reports	AATLF staff will conduct its own credit checks on all applicants by using a recognized credit reporting agency.
Reporting credit history	AATLF staff will report borrowers' repayment history to Experian, Equifax, and TransUnion.

## **VII. Underwriting**

### **A. Underwriting**

Underwriting guidelines are reviewed and approved by AATLF's Board of Directors on an annual basis and acknowledged by staff when reviewing all applications. Such guidelines rely on a combination of credit scores and history, debt-to-income ratio, cash flow capacity, and with character qualities weighing heavily into loan decisions.

## **VIII. Collateral**

### **A. Collateralization**

All Mini-Loans will be unsecured unless otherwise directed by AATLF's Board of Directors.

## **IX. Additional Loan Information**

### **A. Maintenance, Repairs and Upgrades**

The qualifying borrower will be responsible for all repairs and maintenance of the assistive technology unless these costs are included in the loan application. The costs of repairs, extended warranties, or maintenance agreements to previously owned assistive technology devices are allowable if they meet other terms of AATLF's criteria.

### **B. Check Issuance**

AATLF disburses loan proceeds via check payable to the supplier or vendor of the assistive technology device or service on behalf of the person with the disability.

### **C. Deadline for Loan Closures**

When approved, the applicant must close the loan within thirty (30) calendar days of the date of approval. Applicants who have not closed their loans within the thirty-day period will need to re-apply.

## **X. Closing Loans**

### **A. Procedure**

Loan closing procedures will be executed by staff for every Mini-Loan. An emphasis will be placed on ensuring that borrowers understand all of their responsibilities in connection with the loan. All borrowers will be informed verbally and in plain language on the Promissory Note that their loan repayment history will be reported to the three major credit reporting agencies during the life of the loan.

### **B. Required Documents**

Loan closing documents will be prepared by the loan officer, Chief Executive Officer, and/or the Lending and Operations Director and will include:

1. Loan summary – documenting all conditions of the Mini-Loan including interest rate, terms, and other conditions specific to the loan;
2. Letter of commitment to borrower – outlining the specifics of the Mini-Loan noted above;
3. Promissory note.

### **C. File Documentation**

All borrower files will be documented with copies of the Loan Summary Sheet, Letter of Commitment, and Promissory Note.

## **XI. Late Payments and Defaults of Guaranteed Loans**

### **A. Late Payments**

If a loan payment is more than ten (10) days late, a past due payment penalty in the amount of \$10.00 may be charged. AATLF staff will contact the borrower to determine the reason for the late payment, and to obtain a commitment date for payment. The Loan Program Manager or Loan Review Committee may waive penalty fees.

### **B. Default**

Borrowers will be in default if:

1. The borrower does not make a payment within **90** days of when it is due;
2. There is, in AATLF's sole judgment, a significant lessening of the Borrower's ability to repay the loan evidenced by the promissory note;
3. The Borrower dies, becomes insolvent or goes into bankruptcy;
4. The Borrower breaks any promises in the Promissory Note; or
5. AATLF staff learns that the Borrower has made any material misrepresentations in its loan application and/or related communications.

### **C. Usual Procedures for Defaulted Loans**

If the loan payment is **10 days late**, AATLF staff will send the borrower a Notice indicating that the loan is past due with a request that the borrower brings the loan current. Staff will follow up this letter with personal contact.

When a loan payment becomes **30 days late**, another demand letter will be sent. AATLF staff will follow up with personal contact and will consider other options including temporary or permanent changes to the repayment plan. The same procedure will occur when **60 days late**.

At **90 days delinquency**, AATLF staff will notify the borrower that the loan is in default and subject to acceleration for non-payment. AATLF staff will offer assistance in revising a repayment plan or, where circumstances warrant, demand payment in full.

#### **D. Work-Out Plans**

If the Borrower is in default, AATLF may develop a work-out plan. If a work-out plan is developed, it must address required progress points with milestones. Collection from co-signors will be addressed in the work-out plan.

## **XII. Appeal Procedure**

Any applicants may petition the loan application committee for reconsideration of the application if they do not agree with the committee's decision to deny the Mini-Loan request. The petition must be received by AATLF within 30 calendar days of receipt of the written denial. The applicant should include a statement explaining the reasons they believe that reconsideration is warranted. An appropriate alternative format may also be used.

AATLF's Board of Directors 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 thirty (30) days of receipt of the notification of appeal.

Adopted by the AATLF Board of Directors: April 2021

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