

LEGAL NOTICE

Arkansas Rehabilitation Services (ARS) – Department of Career Education is informing the public that the ARS Arkansas Assistive Technology Alternative Financing Program draft policy is available for review and input. Interested parties are encouraged to submit comments in writing concerning this policy. Copies of the policy are available at the local offices of Arkansas Rehabilitation Services and the Central Office. The policy is also available on the ARS website at <http://ace.arkansas.gov> .

The public comment period begins on June 13, 2012 at 8:00 a.m. and ends on July 12, 2012 at 3:30 p.m. A public hearing will be held June 21, 2012 from 11:00 a.m. – 1:00 p.m. at the ARS Central Office, 525 W. Capitol Ave, Little Rock, AR 72201; telephone 501-296-1600. Accommodations and accessible formats are available. Three days advance notice is requested, but not required, for accommodations or accessible formats. Please forward comments or requests for accommodations or accessible formats to Lisa Kelley, 525 W. Capitol Avenue, Little Rock, AR 72201 or call 501-683-3346.



Mike Beebe
Governor

Department of Career Education
Arkansas Rehabilitation Services
Robert P. Treviño, *Commissioner*

Bill Walker
Director

Arkansas Technology Equipment Loan Fund By-Laws

Preamble

The Arkansas Technology Equipment Loan Fund, commonly referred to as the Arkansas Alternative Financing Program ('AFP') was created by the Arkansas General Assembly ('General Assembly') through Act 384 of 1993 as amended ('the Act'). As provided in the Act, the AFP is governed by the Arkansas Equipment Loan Fund Committee ('Committee') These by-laws are adopted by the Committee pursuant to the powers conferred upon it in Ark. Code Ann. Section 20-79-301 et seq. In case of any conflict with the provisions of the by-laws and the provisions of the Committee's enabling legislation, as either may be amended from time-to-time, the provisions of the enabling legislation shall take precedence over the provisions of these by-laws.

The purpose of the AFP is to provide qualified individuals with disabilities and their family members with the financial opportunity to purchase or modify equipment, facilities, and related services used by one or more persons with a disability to enhance independence, productivity, and full participation in the community.

Expenditures from the AFP may be used by qualified applicant to purchase and/or finance communications devices, prostheses, wheelchairs, wheelchair car-lifts, ramps, and roll-in-showers, telecommunication devices for persons who are deaf or hearing impaired, and devices which allow persons who are blind or visually impaired to discern printed material. This list is not exhaustive.

The AFP shall be used only when, in the discretion of the Committee, loan applicants have met eligibility criteria and the release of money is deemed appropriate.

Article I

Membership, Offices, Fiscal Year, Annual Report and Auditing

Section 1.1 – Membership

The powers of the AFP are vested in the Committee, the members of which are appointed and hold office as provided in the Act.

Section 1.2 – Offices

The office of the AFP shall be located in the state of Arkansas as the Committee may determine from time-to-time.

Section 1.3 – Fiscal Year

The fiscal year of the AFP shall begin on the first day of October in each calendar year and shall end at the close of business on the 30th day of September of the following calendar year.

Section 1.4 – Annual Report

The Committee shall submit an annual statement of the receipts, disbursements and current investments of the fund for the preceding year to the Governor and the Rehabilitation Services Administration. The report shall set forth a complete operating and financial statement covering the operation of the AFP during the year.

Article II

Officers and Chairpersons

Section 2.1 – Officers

The Officers of the AFP shall be a Chairperson, and a Vice-Chairperson. The Vice-Chairperson shall be elected by the Committee and must be members of the Committee.

Section 2.2 – Chairperson

The Chairperson will be the Commissioner of the Arkansas Rehabilitation Services and shall serve as ex-officio member of the Committee, voting only in the case of a tie vote. The Chairperson shall perform all the duties commonly involved with his office and perform such other duties and have such other powers as the Committee may from time-to-time designate. Unless some other person is specifically authorized by the Committee, the Chairperson shall sign all contracts and other instruments executed on behalf of the AFP.

Section 2.3 – Vice-Chairperson

The Vice-Chairperson shall serve as the acting chairperson in the absence of the Chairperson and assume all responsibilities included in Section 2.2 as stated.

Section 2.4 – Appointment of Committee Members

The appointment of members of the Committee are made by the Governor of Arkansas and are subject to the confirmation by the General Assembly if in session when such appointments are made, and if not in session, at the General Assembly's first session subsequent to the date such appointments are made.

The Committee shall consist of nine members as follows: the Commissioner of Arkansas Rehabilitation Services, a representative from the banking industry, a representative of a disability related consumer organization, a Certified Public Accountant, five additional citizen members from the state at-large. At least five persons on the Committee must be individuals with disabilities. The citizen members shall be appointed by the Governor and confirmed by the General Assembly. The Commissioner of the Arkansas Rehabilitation Services shall be an ex-officio member and shall serve as chairperson of the Committee, voting only in the case of a tie. All members shall be appointed for a term of three years, each term to begin July 1. Any vacancies that occur on the Committee due to death, resignations or otherwise shall be filled by appointment of the Governor to fill the unexpired term that had been created. Any member of the Committee who is absent from three successive regular meetings for any reason other than illness of the member, verified by a written sworn statement by his attending physician and entered into the minutes of the Committee, shall thereby forfeit and vacate his membership on the Committee. This forfeiture shall be certified to the Governor by the Committee.

Section 2.5 – Elections

Of the Chairperson and Vice-Chairperson shall be made annually. The officers so elected shall serve until their respective successors are elected and duly qualified.

Section 2.6 – Consultants

Agents and Professional Services. The Committee has the power to employ office personnel, advisers, consultants, professionals and agents as may be necessary in its judgment, and to fix their compensation. Legal services in civil matters shall be rendered and performed by the Office of the Attorney General.

Section 2.7 – Acting Chairperson

Whenever the Chairperson and Vice-Chairperson is unable to attend a meeting of the Committee and a quorum of the Committee is present, the members present at such meeting may designate a temporary Chairperson from among the members present who shall preside at such meeting as Acting Chairperson

Section 2.8 – Compensation

Committee members receive no salaries, but shall be paid travel and any other expenses incurred to attend meetings or while otherwise engaged in the discharge of their duties, all as may be deemed appropriate by resolution of the Committee, and within the policy limits of state employee travel reimbursement. This reimbursement cost will be provided by Arkansas Rehabilitation Services or other appropriate entities.

Section 2.9 – Bonding

Members of the AFP shall be included as named insured in bonding insurance provided by the State of Arkansas, or otherwise.

Section 2.10 – Indemnification

Each member of the Committee and any person employed by the Committee pursuant to Section 2.9 shall be indemnified by the AFP against all expenses, as hereinafter defined; which shall necessarily or reasonably be incurred by member in connection with any action, suit or proceeding to which member is or shall be a party, or with which that member may be threatened by reason of being or having been a member or of the Committee and any person employed by the Committee pursuant to Section 2.9 at the time of incurring such expenses. Expenses, as used herein, shall include, but not be limited to, amounts of judgments against, or amounts paid in settlement by, such member of the Committee and any person employed by the Committee pursuant to Section 2.9, other than amounts payable or paid to the Committee or the AFP, but shall not include any (a) expenses incurred in connection with any matters as to which member of the Committee and any person employed by the Committee pursuant to Section 2.9 shall be adjudged in such action, suit or proceeding, without such judgment being reversed, to be liable by reason of member's negligence or willful misconduct in the performance of duties as such member or officer, or (b) expenses incurred in connection with any matters which shall be the subject of such action, suit or proceeding disposed of otherwise than by adjudication on the merits, unless in relation to such matters such member or officer shall not have been liable for negligence or willful misconduct in the performance of his duties as a member or officer. In determining whether a member or officer was liable for negligence or willful misconduct in the performance of duties as such member or officer and is for that reason not entitled to reimbursement pursuant to the foregoing provisions, the Committee may conclusively rely upon an opinion of legal counsel.

The right of indemnification herein above provided shall not be deemed exclusive of any other right to which such member may now or hereafter be otherwise entitled and specifically, without limiting the generality of the foregoing, shall not be deemed exclusive of any rights, pursuant to the statute or otherwise, of any such member of the Committee and any person employed by the Committee pursuant to Section 2.9 in any such action, suit or proceeding to have assessed or allowed in member's favor, against the corporation or any other corporation or otherwise, costs and expenses incurred therein or in connection therewith or any part thereof.

Section 2.11 – Interest of Members in Certain Transactions

Members who have a pecuniary interest and any transaction shall not vote on the particular transaction.

Article III ***Meeting***

Section 3.1 - Annual Meeting

The Annual Meeting of the Committee shall be held during the month of July of each year, or on such earlier or later date in each calendar year as the Committee may determine. The Committee, at its discretion, may also choose to establish meeting dates for the remainder of the year. The Annual Meeting shall be held at the principal office of the AFP or such other place within the State of Arkansas as shall be designated in the notice of meeting.

Section 3.2 - Regular and Special Meetings

The Committee shall meet at least once annually and may meet more often as necessary if meetings are called by the chairperson or by a majority of the Committee and all members of the committee are notified of the time, date, and place of the meeting in advance. The Committee shall meet to review individual loan applications over \$8000 and approve or deny such applications based upon information provided to or obtained by the Committee.

Section 3.3 - Notice of Meeting

Notice of the time and place of each meeting of the Committee shall be given by the Chairperson or their designee to each Member (a) by mail at least five (5) calendar days before each such meeting or, (b) in person or by telephone, facsimile, telegram, cable, courier service or hand delivery at least five (5) days before such meeting. Except as otherwise provided in Article V relating to the amendment of Bylaws, such notice need not specify the matters to be considered at the meeting. Notices by mail shall be deemed to have been given when mailed to each Member at his address appearing in the records of the AFP. Notices delivered by courier service or by hand at such address shall be deemed to have been given and received. Notices by facsimile shall be deemed to have been given when transmitted to each Member at his facsimile number appearing in the records of the AFP.

Notice to the media will be given in accordance with the Arkansas Freedom of Information Act.

Section 3.4 - Waiver of Notice

A waiver of notice of any Committee meeting in writing signed by a Member, whether before or after a meeting, shall be equivalent to the giving of notice of such meeting. A Member who attends a meeting shall be deemed to have had timely and proper notice of the meeting, unless he attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Notice of an adjourned or a continued meeting may be deemed given to any Member present at the time of adjournment or continuance.

Section 3.5 Quorum and Voting

A quorum consists of a simple majority of the members of the Committee. A quorum is required for the transaction of all business or the exercise of any power or function of the committee. Any act taken by a vote of the majority of the Members present at any meeting at which a quorum is present shall be the act of the Committee. If one or more members are disqualified from voting on any matter due to conflict of interest, the remaining members shall act for the

Committee by majority vote. No vacancy in the membership in the committee shall impair the right of a quorum to exercise all the rights and perform all the duties of the Committee. A majority of the Members present at any meeting whether or not constituting a quorum, may continue or adjourn the meeting to another time and place.

Section 3.6 - Manner of Voting

The “Ayes” and “Nays” of every vote by the Committee shall be entered upon the minutes of such meeting. Voting on all questions shall be by voice vote unless a Member requests a written ballot.

Section 3.7 - Resolutions and Effective Date

All resolutions shall be in writing and shall be contained in the minute’s section of the AFP Manual and shall be maintained by the Vice-Chairperson or their designee. Resolutions shall be effective on the date of passage, upon adjournment of the meeting, unless otherwise stated in the resolution.

Article IV

Executive Committee, Standing and Other Committees

Section 4.1 - Designation

The Chairperson may appoint an Executive Committee consisting of a Chairperson and a Vice-Chairperson, and such other members of the Committee as the Chairperson may determine. The Executive Committee shall have the power to submit recommendations for action by the committee and to perform such duties as may be delegated to it from time to time by vote of the committee.

Section 4.2 - Meetings of the Executive Committee

Meetings of the Executive committee may be at any time and place upon reasonable notice by mail, telephone or facsimile sufficient to enable attendance by all members of the Executive Committee. Meetings may be held at any time without notice; provided all members of the Executive committee are present or those not present waive notice before or after the meeting.

Section 4.3 - Standing and other Committees

The Chairperson may appoint, from time to time, standing Committees and such other Committees as may be deemed necessary and expedient to promote the purposes of the AFP. If any standing Committee is appointed by the Chairperson, with the concurrence of a majority of the Committee, such Committee may make such decisions regarding the business of the AFP as is delegated to them, and the performance of which is supervised, by the Committee of Members. Any other working Committees may be comprised of Members and shall be advisory only and shall not be empowered to act by or on behalf of the AFP. For any committee, a quorum shall consist of a simple majority. Any act taken by a vote of the majority at any committee meeting at which a quorum is present shall be the act of the committee.

Article V
Amendments

Section 5.1 - Amendments

These Bylaws may be amended, supplemented or repealed by majority vote of the committee at any meeting of the committee, provided that notice of the proposed amendment, supplement or repeal (a) shall have been included in the notice of such meeting, under notice shall have been waived by any and all of the Members.

Article VI
Rules and Regulations

Section 6.1 - Rules of Order

Robert's Rules of Order, newly revised, shall govern all matters of procedure not specifically set forth in these Bylaws or the Act.

Section 6.2 - Rules and Regulations

The Committee may adopt, amend and alter from time to time, such rules, regulations or forms; which it may deem necessary or expedient for the management of the affairs of the AFP and which shall not be inconsistent with the Committee's enabling legislation. The Secretary of the AFP shall maintain current copies of all rules, regulations and forms and adopted by the AFP which shall be available for public inspection at all times at the office of the AFP.

The Technology Equipment Revolving Loan Fund

**Arkansas Assistive Technology Alternative Financing Program
(AATAFP)**

Loan Manuals

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SECTION 100.1**PURPOSE**

The Technology Equipment Revolving Loan Fund (hereinafter referred to as the Arkansas Assistive Technology Alternative Financing Program (AATAFP)) was created by the Arkansas General Assembly through Act 384 of 1993 as amended. As provided in the Act, the AATAFP is governed by the Arkansas Equipment Loan Fund Committee consisting of nine members, of which at least five must be individuals with disabilities, to be appointed by the Governor as follows: the Commissioner of the Division of Rehabilitation, a representative from the banking industry, a representative of a disability-related consumer organization, a certified public accountant and five additional citizen members from the state at-large. These by-laws are adopted by the Committee pursuant to the powers conferred upon it in Section 6(a)(1) through Section 8 of the Act. In case of any conflict with the provisions of the by-laws and the provisions of the Act, as either may be amended from time-to-time, the provisions of the Act shall take precedence over the provisions of these by-laws.

The purpose of the AATAFP is to provide qualified individuals with disabilities the financial opportunity to purchase assistive technology devices/equipment and services to enhance independence, productivity, and full participation in community.

Expenditures from the AATAFP may include, but are not limited to, communications devices, prostheses, wheelchairs, wheelchair car-lifts, ramps, and roll-in-showers, telecommunication device for persons who are deaf or hearing impaired, and devices which allow persons who are blind or visually impaired to discern printed material.

The AATAFP shall be used only when, in the discretion of the Committee, loan applicants have met eligibility criteria and the release of money is deemed appropriate.

SECTION 100.2

PROGRAMS

The Arkansas Assistive Technology Alternative Financing Program has developed loan programs to accommodate the needs of its customers, to meet its fiduciary responsibilities, and to follow the appropriate sections of the *state of Arkansas*. These programs include low interest loans made through a financial partner, guaranteed loans made through a financial partner, and direct loans made by the AATAFP.

The Board may delegate to a loan committee the authority to review and approve or deny loan applications. Any decisions made by the committee are based upon information provided to or obtained by the Board and are in accordance with criteria established by the Board and subject to the Board's ratification at its next regular meeting.

Fees and charges may be assessed to applicants and borrowers of any of the Authority's programs, in accordance with the state of Arkansas. These fees may be for application, guarantee, closing, administrative or insurance purposes, as determined to be necessary by the Board. Loans made directly by the ATLFA will have terms and interest rates set periodically by the Board.

Administration

- a. ARS and the Committee shall have the authority to administer the provision of Title III Alternative Financing Programs of the Assistive Technology Act of 1998.
- b. The Committee will approve AFP guidelines and procedures. ARS will designate staff to coordinate the Committee's efforts and other administrative functions necessary for the conduct of the Program. The ARS designated staff will be responsible for but not limited to: 1) the coordination, development and promulgation of rules and procedures; 2) application intake. 3) the certification of the individual's disability; 4) the determination of the appropriateness of the equipment or service requested; and, 5) the coordination of marketing and reporting activities. ARS staff will serve as a liaison to the Committee and involve the lending institution(s).
- c. The Committee will approve and authorize any contract or Interagency Agreement that delineates responsibilities of both the lending institution and ARS as it relates to the operation of the AFP.
- d. The ARS staff shall provide reports to the Committee as requested.

SECTION 100.3

DEFINITIONS

AATAFP is the Arkansas Assistive Technology Alternative Financing Program.

Applicant is for any individual that submits an application.

ARS is the Arkansas Rehabilitation Services.

Assistive Technology/Adaptive Equipment is any item, off the shelf, modified or customized, that is used to increase, maintain, or provide a greater level of functioning in one or more of the major life activities of the individual with a disability.

Assistive Technology Services is any service that directly assists an individual with a disability in the selection, purchasing or learning to use assistive technology equipment. Such services include:

1. 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;
2. Services consisting of purchasing, leasing, or otherwise providing for the acquisition of assistive technology equipment by individuals with disabilities;
3. Services consisting of selecting, designing, fitting, customizing, adapting, applying, maintaining, repairing, or replacing assistive technology equipment;
4. Training, assessment or technical assistance for an individual with disabilities, or, where appropriate, the family members, guardians, advocates, or authorized representatives of such an individual; and,

Borrower is defined as a resident of Arkansas with a disability, and their family members, guardians, advocates, or authorized representatives who are residents of Arkansas and intends to use the loan to purchase assistive technology or services on behalf of an Arkansas resident with a disability. That person must have demonstrated: (a) that the loan will be used to acquire assistive technology or other equipment designed to help one or more persons with disabilities to improve their independence, or become more productive members of the community, (b) the ability to repay the loan.

Committee is the Technology Equipment Revolving Loan Fund Committee.

Disability is any physical or mental impairment that substantially limits one or more major life activities.

Individual is any person with a disability who will benefit from the assistive technology or person who is a family member or primary care giver to the individual with a disability.

Insurable Property means purchased or modified assistive technology equipment at a value rate as established by the Committee.

Contract or Interagency Agreement is a document, which outlines the responsibilities of Arkansas Rehabilitation Services to administer the Alternative Loan Program and the lending institutions responsibilities to manage the Loan Funds.

Loan is funds disbursed from the Arkansas Assistive Technology Alternative Financing Program Loan Fund account for the purchase of assistive of technology equipment or services and associated costs.

Loan Fund is the permanent and perpetual fund consisting of such monies as may be appropriated by the General Assembly, gifts, bequests, endowments or grants from the United States government, its agencies and instrumentalities, all receipts by the fund from loans made by it, all income form the investment of moneys help in the Fund, and any other available sources of funds, public and private.

Program is the Arkansas Assistive Technology Alternative Financing Program.

Resident is a person domiciled within the State of Arkansas at the time of application.

SECTION 100.4

LOAN FUND ADMINISTRATION

- A. The lending institution shall maintain a separate permanent account for the AFP Loan Funds.
- B. The Loan Fund Account shall be maintained in an interest bearing account with all interest remaining in the Account.
- C. The loan fund shall maintain a minimum balance as determined by the Committee. The balance will serve as a financial. Any Authorization to expend funds from the reserves must be approved by the Committee.
- ~~D.~~ The lending institution will invest the Loan Fund as provided by the Assistive Technology Act and as approved by the Committee.
- F. The lending institution shall report as outlined in the Interagency Agreement or contract to the Committee and ARS regarding the balance and activities of the Loan Fund; and shall provide the required Department of Education data collection information.

SECTION 100.5

FAIR LENDING GUIDES

The AATAFP operates its programs to provide assistance with loans and in the purchase of Assistive technology, other equipment, or other authorized purposes designed to enable persons with disabilities to become more independent or more productive members of the community with an improved quality of life.

The credit criteria will be applied equitably and fairly to all applicants without regard to the applicants' race, gender, national origin, color, marital status, religion, age, disability or any factor other than sound lending and credit practices. All borrowers must be legally able to enter into a binding contract with a lending institution.

The AATAFP will only guarantee loans to Arkansans with disabilities and their family members within the state of Arkansas who meet the Board's standards of being creditworthy and demonstrate the ability to repay the loan.

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

SECTION 100.6

CREDIT CRITERIA GUIDE

Consumer

While the Committee has more flexible loan criteria than those of most lending institutions, it must have a reasonable expectation that the borrower will repay the loan. Generally, the AATAFP is looking for a pattern of stability in its loan applicants in areas such as type of residence, length of time at residence and length of time at present job. It is also looking for a pattern of stability with respect to credit history. Where credit problems have arisen, it is essential that the applicant is doing something about those problems. This includes reducing current debt ratio, assuring cash flow is sufficient for living expenses and loans, and making written arrangements with borrowers.

The two most important criteria for an AATAFP loan are credit history and capacity to repay. A pattern of adverse credit that cannot be adequately explained and is not being dealt with will 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 or discretionary income) may not be approved for a loan or a loan guarantee.

Generally, the Committee will not provide loans for terms that exceed the amortized value or the general life expectancy of the equipment. While the Committee may make exceptions for individuals who can prove their ability to repay, a 50% debt to income ratio (including the monthly payment for the new, AATAFP loan) is typically required for loan approvals. Applicants who do not meet that requirement may provide a qualified co-applicant.

The Committee will ask individuals having debt or credit issues to provide additional financial and/or other information in order to qualify for a loan guarantee. Individuals having unacceptable credit may provide a qualified co-applicant. If the Committee cannot verify that an applicant's poor credit history is directly related to the individual's disability, the Committee will generally decline an AATAFP guaranteed loan application. The Committee will also generally deny individuals who do not have stability in their financial and personal lives.

SECTION 200.1

CONSUMER PRODUCT PROFILE

Product Summary: The Authority may offer installment loans directly to the individuals with out involvement of their financial partner depending on the requested loan.

Type of Loan:	Secured and Unsecured
Purpose:	AT Equipment
Minimum Loan:	None
Maximum Loan:	\$50,000
Rate:	Fixed, Prime Rate (determined by Wall Street Journal) plus 50 basis points
Floor:	5%
Term:	Up to 120 months or based on useful life of equipment; special circumstances may warrant longer terms
Payments:	Fixed; amortized using the term and rate of the loan.

SECTION 300.1

ELIGIBILITY

- a. Applicants must be a resident of Arkansas with a disability, or a family member, guardian, advocate, or authorized representative who is a resident of Arkansas who intends to use the loan to purchase assistive technology on behalf of an individual with a disability that substantially limits one or more major life activity. When the individual has a temporary disability, the Committee will determine eligibility on a case-by-case basis.
- b. Supporting documentation required by ARS and the lending institution must be provided.
- c. ARS, the lending institution or the Revolving Loan Fund Sub-Committee may determine an applicant is ineligible for the program when the applicant has defaulted on a previous loan made through the program, or violates any provisions of the program, or ceases to meet the requirement of these rules or any standards or policies as established by the Committee.
- d. An applicant who has previously been rejected for a Loan from the AATAFP may not reapply unless the new application is a significant change from the denied application as determined by ARS staff.
- e. Loans shall not be made for the purpose of refinancing any existing loan, unless approve by the Committee.

SECTION 300.2

APPLICATION PROCESS

- Applicants will receive application packets from ARS VR field office, Internet site or AATAFP office. Application packets will include an AATAFP loan application, a Documentation Check list sheet and any other pertinent materials. Application packets will include all forms and instructions necessary to apply.
- The AATAFP will request proof of disability, proof of income and \$10 fee check, cashier check or money order. The Committee may ask for additional justification for the device requested such as evaluation reports, doctor's orders, or vendor quotes should the applicant wish to make a purchase of something that is not generally considered to be assistive technology.
- Upon receipt of a complete loan application packet, the AATAFP will prepare a credit and/or loan memo summary to the Loan Committee for evaluation. The Loan Committee will make its loan decision based on credit criteria established by the AATAFP and based upon information provided to or obtained by the AATAFP. If the application is approved, the AATAFP will prepare and mail the loan closing documents to the applicant. Should the Loan Committee reject the application, the AATAFP will send an adverse action letter to the applicant.
- The AATAFP may consider an application to be incomplete and require that an applicant provide proof of additional income, proof of disability, or proof that the requested purchase of technology is, in fact, assistive in nature.

SECTION 300.3

DIRECT LOANS

Consumer Underwriting Guidelines

Product Summary

Loans shall be made in an amount that is reasonable to acquire the assistive technological equipment and services, as shown by materials submitted with the applications. Loan applications for \$50,000 or less will be evaluated by the Loan sub-Committee. These loans will be booked and serviced by the AATAFP in accordance with the established criteria and procedures. Terms shall not exceed 20 years.

- a. The Committee shall establish the loan interest rate parameters. Interest rates in effect at the time an application is received by the lending institution are fixed for the term of the loan.
- b. ARS or the lending institution may inspect equipment or review proposed services or modifications to be performed to assure they meet assistive technology requirements.
- c. The lending institution will coordinate with ARS regarding the filing of appropriate documents on behalf of the AFP to take a security interest in items purchased or modified with AFP funds through such methods as deeds of trust, liens on titled vehicles, and UCC filings for all collateral.
- d. Borrowers will request permission from the Committee and notify ARS and the lending institution if collateral will be relocated and registered in a state other than Arkansas. Appropriate UCC filings will be conducted for the additional state at the borrower's expense.
- e. When a loan in excess of \$5,000 is to be used for home modifications, the borrower is required to obtain two bids from licensed contractors before distribution of funds. The contractors must be regularly doing business in the home construction field, must identify a fixed, firm price, and provide turnkey service.
- f. The lending institution or the Committee may require additional information and charges on all loans secured by mortgages on real property.
- g. There will be no prepayment penalty on AATAFP Loans.
- h. A loan is delinquent and in default upon the occurrence of any event as defined in the loan documents.
- i. Borrowers will be assessed late payment and insufficient check fees as established by the committee.
- j. Borrowers shall be referred to a credit counseling service should their loan fall 60 days delinquent.
- k. Borrowers shall have a major role in selecting the technology to be purchased. The applicant must demonstrate awareness of what training and maintenance is available for the technology.
- l. Loans will not be provided for terms that exceed the amortized value or the general life expectancy of the equipment.

Credit Criteria Guidelines:

Beacon Score: A Beacon Score of 550 or greater is acceptable. A Beacon Score of 550 or greater is acceptable if the credit problems were disability related and the applicant(s) has since demonstrated the ability to meet his/her credit obligations or has initiated the process to meet the credit obligations.

- If the application is a joint request, the higher bureau score will be used.

Credit history: Credit history guidelines are as follows:

- Derogatory credit history (R3/I3 and greater) is generally unacceptable unless it is related to the individual's disability.
- Bankruptcy and public records (unpaid collections and judgments) within the last 2 years after bankruptcy discharge are unacceptable unless it is related to the individual's disability. In these situations, the applicant's credit file should reflect re-established credit history after the discharge within the last year indicating they have the ability/willingness to meet their credit obligations.
- Additional documentation may be requested to document that the applicant(s) has paid outstanding balances on delinquent loans, unpaid collections/judgments or defaulted loans.
- Additional credit history documentation may be requested.
- Loans will not be made to applicants that have previously defaulted on a loan to AATAFP.

Debt to Income Ratio:

- A 50% debt to income ratio is generally acceptable if the borrower can adequately document sufficient cash flow or assets to repay the loan.

Individuals having approval for special funding (such as a Plan to Achieve Self Support (PASS) through SSA, or a MAP-122 Adjustment through DMAS) will be considered without regard to their debt to income ratio.

Covenants of Borrower:

- Applicants should have sufficient and reliable income to meet their credit obligations (including the new loan payment).
- The borrower shall comply with all applicable code, planning, zoning, sanitary, building and environmental laws, ordinances and regulations of the federal, state, and local governments.
- The borrower agrees not to convey, lease or transfer any collateral for the loan without the prior written consent of ARS or the Committee.
- The borrower will pay, when due, all taxes or charges assessed against any collateral and shall provide proof of payment to ARS and/or the lending institution.
- The borrower will keep insured to the satisfaction of the Committee all insurable property securing the loan and will maintain the collateral in good condition and repair. The borrower will repay any advances or expenses of the lending institution necessary to protect the collateral or enforce the rights of ARS against the borrower or the collateral.
- The borrower will not materially alter or relocate collateral without the prior written approval of and notification to ARS and/or the lending institution. Notification of such will be provided to the Committee.
- The borrower will comply with such other covenants as the Committee may impose or establish.

SECTION 300.4

TREATMENT OF DEBT

Each request for credit will be supported by a current credit bureau report to assist the Loan sub-committee and the Committee in assessing both the 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 Equifax 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.

I – Installment Loans

The monthly payment is usually reported under the “term” column on the credit bureau report, and should verify back to the application/financial statement.

If the installment debt has 4 months or less remaining payments, the payment will not be included in the D/I ratio.

SECTION 300.5

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. Adjusted Gross Income (AGI) includes non-taxable income made equivalent to taxable income by multiplying the non-taxable income by 0.25.

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 their income, the Committee will seek further clarification for a more exact figure. If no exact figure can be obtained, an average of the range will 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 would 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 should be adjusted and any debt service on the property (if separate from the primary residence) should be netted out using the following method:

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

The net amount should 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 determined 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) but other issues such as the likelihood the income will continue 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 0.25 = 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 one-time income opportunity.

Projected Income

- A written job offer to the applicant from an employer is necessary to be considered for a telework loan. The letter must be dated, signed by an authorized agent of the business, have an offer of employment with start date and anticipated wages/salary.

SECTION 300.6 **LOAN COMMITTEE**

The Committee has delegated to the loan sub-committee its authority to approve or deny loan requests in accordance with credit criteria established by the Committee and based upon information provided to or obtained by the Executive Director. All approved loan decisions made by the Loan Sub-Committee will be considered final and will be ratified by the Committee at its next regular meeting. The structure of the Loan Sub-Committee is as follows:

- The loan sub-committee will meet, as needed either in person to evaluate loan requests.
- The loan sub-committee will consist of five (5) members with a quorum of any three (3) members required at each meeting.
- No Committee member may participate in a vote on an application where that member has a direct or indirect financial interest in the outcome of the vote.
- The Executive Director of the AATAFP will approve loans up to \$8000.
- The Executive Director will:
 - Prepare the loan summary sheet for each pending application, and
 - Present the loan to the committee at the meeting.
- Loan sub-committee members will evaluate the summary data; discuss the loan as needed and then vote on approval, denial or additional information needed.
 - Approvals or denials made outside of AATAFP credit policy require compensating factors to be identified and documented.
- All appealed loans will be referred to the AATAFP Committee for review and final decision.
- A summary of loan decisions since the last loan sub-committee meeting will be provided to the Committee members for ratification at their next scheduled meeting.

SECTION 400

CREDIT AND COLLATERAL DOCUMENTATION

Consumer Loans

The following documents are used for Consumer Loans offered with this program. The AATAFP Committee has copy of each document on file in the ATLFA office.

Application Documents:

AATAFP Direct Loan Application

Credit Report

All Supporting Documents (Proof of Income, Disability and Identity) and AATAFP Checklist

Loan Data Summary

Loan Amortization Schedule

Promissory Note and Security Agreement

Notification of Approval/Denial

Disbursement Letter

If vehicle, Notice of Insurance Requirements and Title of Vehicle with AATAFP as lienholder

SECTION 500.1

Payment of Loan Proceeds

- The lending institution will disburse loan funds directly to the provider of equipment or service.
- The Committee, ARS and the lending institution require an invoice, statement or other documents for all items purchased with loan proceeds.

SECTION 500.2

APPEALS PROCESS

- A. If ARS or the lending institution denies an application, the applicant may make a request for reconsideration of the application within the timeframe as outlined by the Committee.
- A. Initial appeal requests should be made in writing and directed to the person at the address provided in the denial letter.
- C. If the situation is not resolved to the applicant's satisfaction, the applicant has the right to appeal to the Committee. Within 20 business days of receiving the lending institution or ARS' final response to the initial appeal, the applicant may submit a request to ARS to have the matter reviewed by the Committee. The request must be in writing or appropriate alternative format, with all supporting information attached to the request.
- D. The Committee may hear appeals during any regularly scheduled Committee meeting or call a special meeting of the Committee for such purpose.
- E. Designated ARS and lending institution staff will participate in the meeting. The Committee may approve the hearing to be held by teleconference. When the hearing is conducted by teleconference, at least one Committee member will participate in person.
- F. The Committee will:
 - 1. Hear clarification of information already submitted;
 - 2. Provide the applicant an opportunity to be heard;
 - 3. Inform the applicant of its decision at the meeting or within the timeframe outlined in the procedures.
- G. By a formal vote, the Committee has the authority to support the appeal of the applicant, offer an alternative to the applicant such as approval for a lesser amount, approval with other conditions, or turn down the appeal. No Committee member may participate in a vote on an application where that member has a direct or indirect financial interest.
- H. The decision of the Committee will be final.

SECTION 600

LOAN ADMINISTRATION

- A. All loan servicing and administration will be the responsibility of the lending institution and/or its assignee.
- B. The lending institution shall prepare all loan documentation, after the loan application has been submitted and approved. The lending institution will be responsible for loan closings.
- C. The lending institution will service the loans according to the Interagency Agreement including borrower notification of collection timeframes and remedies on default.
- D. If the borrower fails to cure default within 30 days; the lending institution shall take all appropriate action provided under law and the loan documents. In determining the appropriate action, the lending institution shall consider:
 - a. The likelihood that the loan will be repaid if loan terms are modified and approved.
 - b. The impact of enforcement and collection on the borrower.
- E. The lending institution and/or ARS may review requests from borrowers to modify the terms of loan repayments, and submit the request to the Committee.
- F. With an acceptable reason for non-payment, the Committee may consider the request for modification of loan terms or conditions. Reasons that may be viewed as acceptable include, but are not limited to:
 - a. Medical/physical change
 - b. Compounding disability
 - c. Change in employment status
 - d. Injury on the job
 - e. Family expenses that were unexpected
- G. The lending institution will demonstrate a process of reasonable and timely interventions with the intent of keeping the loan active. Should the Committee believe that repayment is not possible and the reasons are seen as unacceptable, the Committee may authorize the lending institution and/or ARS to reclaim the equipment or discharge the debt in accordance with the State of Arkansas debt abatement procedures. In the event the borrower dies and there is not a viable option to pay off the loan, the Committee may discharge the debt and donate the equipment to an ARS assistive technology program.
- H. The lending institution will apply payments or other monies received on loans, not in default first to accrued interest, second to principal, then to late charges.
- I. In order to protect the integrity of the Loan Fund, the AFP may charge such administration, servicing and document preparation fees as seems reasonable, and as approved by the Committee.
- J. Borrowers may repay current interest and outstanding balance, and accelerate payments without penalty.

SECTION 700.1

COLLECTION POLICIES

Extensions

(Extension definition: the process of extending the term of the loan for a specified number of months; which allows customers the ability to defer the normal monthly payment(s). Interest continues to accrue on the loan and the loan payments missed are neither considered past due nor reported delinquent. The extension period is viewed as a grace period with no payments due.)

Consumers are contacted based on the delinquency report status when they are 30 or more days past due. Extensions are normally granted for unusual circumstances, such as illness/medical, change of residence, or loss of work. Customers taking advantage of an extension should be able to maintain their payments after the extension period. Extensions are discouraged for customers who are generally overextended and unable to make payments, or who will be past due again when the extension period is over. In all cases, evaluation of the customer's ability to pay and payment history should be considered.

Normal Parameters for Extensions:

- No extensions during the first 3 months of the loan.
- No more than 2 extensions during the original loan period.
- Loan extensions up to 3 months will be approved by the Executive Director.

Extensions Requiring Loan Committee Approval:

- Any extension greater than 3 months.
- More than 2 extensions during the original loan period.
- Any exception to Normal Extension Parameters.

All extensions approved by the Executive Director or Loan Committee will be reported to the Board at the next regularly scheduled Board meeting.

Abatements (Charge Offs)

- All past due accounts exceeding 180(+) days delinquent will be referred to the Board for recommendation to charge off within thirty days of the account exceeding 180 consecutive days. Board recommendations for charge off will be forwarded to the Arkansas State Chief Fiscal Officer for adjudication.

UNLESS:

- a) The customer is making payments in accordance with an agreement reached with the collections agency or AATAFP Executive Director.
- b) The customer has accident and health (A&H) claims pending or A&H payments forthcoming.

- c) The collateral securing the loan has been repossessed and liquidation is scheduled within ninety days of the account becoming 180 days delinquent.
 - d) The first 180 days an account is in dispute.
 - e) The Board will review and forward any recommendations for exceptions to these parameters to the Arkansas State Chief Fiscal Officer for adjudication.
- Bankrupt accounts will be recommended for charge off to the Arkansas State Chief Fiscal Officer within ninety days of receipt of the Bankruptcy Notice.

UNLESS:

- a) The customer continues to pay and maintains the account in good standing. (Chapter 7)
 - b) The account has pending reaffirmation or has reaffirmed the debt and the customer is continuing to pay with regular payments.
 - c) The account is being paid outside the plan. (Chapter 13).
 - d) The Board will review and forward any recommendations for exceptions to these parameters to the Arkansas State Chief Fiscal Officer for adjudication.
- Deceased accounts will be recommended for charge off to the Arkansas State Chief Fiscal Officer within ninety days of the receipt of death certificate.

UNLESS:

- a) 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.
- b) The payment arrangements have been made by maker, co maker, or endorser.
- c) Payment arrangements 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.
- d) The Board will review and forward any recommendations for exceptions to these parameters to the Arkansas State Chief Fiscal Officer for adjudication.

Debt Forgiveness

The Board may recommend to the Arkansas State Fiscal Officer that a loan be forgiven for the following reasons:

- Medical/physical change
- Compounding disability
- Change in employment status
- Unexpected Family expenses

Repossessions

AATAFP will evaluate delinquent auto loans for potential repossession once the account exceeds 120 days past due, or earlier, if voluntary or payment viability deemed unlikely and the potential realized value of the sale exceeds the cost of repossession.

- Prior to repossession activity, AATAFP will review the account to:
 - ensure there has been diligent collection activity in accordance with the Collection procedure manual,
 - evaluate the potential value of the repossession and liquidation sale compared to the expense incurred to AATAFP,
 - determine if the reasons for non-payment warrant an exception for loan modifications or debt forgiveness, and
 - determine if the repossession process should proceed.

SECTION 800.1

Confidentiality

ARS and the lending institution are responsible for complying with the legal requirements to protect the confidential nature of information in individual files, including all individual identifying information contained in reports, lists and other paper or electronic documents, and for prohibiting unauthorized access to them. In accordance with federal and state regulation, the state will safeguard the confidentiality of all personal information pursuant to 34 C.F.R. § 361.38 and the Federal Privacy Act of 5 U.S.C.A. § 552A.