

**The Technology Equipment Revolving Loan Fund**  
**Arkansas Assistive Technology Alternative Financing Program**  
**(AATAFP)**  
**Loan Rules and Regulations**

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## **SECTION 100.1**

## **PURPOSE**

The Technology Equipment Revolving Loan Fund hereafter 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 Technology Equipment Revolving Loan Fund Committee. 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, and five additional citizen members from the state at-large. A minimum of five Committee members must be individuals with disabilities. The citizen members shall be appointed by the Governor. 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 conflict between the provisions of the by-laws and the provisions of the Act, the provisions of the Act shall take precedence over the provisions of the 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, roll-in-showers, and telecommunication devices for persons who are deaf or hearing impaired and devices that allow persons who are blind or visually impaired to discern printed material.

The AATAFP shall be used only when, in the judgment 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 meet the needs of its customers, to meet its fiduciary and legal responsibilities as codified in A.C.A. § 20-79-301. These programs include low-interest and guaranteed-loans made through a financial partner, and direct loans made by the AATAFP.

The Committee may delegate to a loan committee the authority to review and approve or deny loan applications. Decisions made by the Committee must be in accordance with established criteria and must be ratified by the Committee at its next regular meeting.

### **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 AATAFP guidelines and procedures. ARS will designate staff to coordinate Committee functions and other administrative tasks. Duties of staff include, but are not limited to: 1) coordination, development and promulgation of rules and procedures; 2) application intake; 3) certification of an individual's disability; 4) determination of the appropriateness of the equipment or service requested; and, 5) coordination of marketing and reporting. ARS staff will serve as liaison to the Committee.
- c. The Committee will approve and authorize any contract or interagency agreement that delineates responsibilities of ARS as relates to the operation of the AATAFP.
- 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 the individual submitting an application.

**ARS** is the Arkansas Rehabilitation Services Division of the Arkansas Department of Career Education.

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

**Assistive Technology Services** assist an individual with a disability in selecting, purchasing or learning to use assistive technology equipment. Such services include:

1. Evaluation of the assistive technology needs of an individual with a disability, including a functional evaluation of the impact of assistive technology and services in the individual's customary environment;
2. Purchase, leasing, or other provisions for the acquisition of assistive technology equipment by individuals with disabilities;
3. Selection, design, customization, maintenance, and replacement of assistive technology equipment;
4. Training, assessment or technical assistance to support individuals with disabilities, or, if appropriate, family members, guardians, advocates or other authorized representatives.

**Borrower** is any Arkansas resident with a disability, and his/her family members, guardians, advocates or authorized representatives who are also residents of Arkansas. The borrower must 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 to help one or more persons with disabilities to improve their independence or become more productive members of the community and (b) 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 assistive technology or 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 that outlines the responsibilities of Arkansas Rehabilitation Services to administer the Alternative Loan Program and Loan Funds.

**Loan** is funds disbursed from the Arkansas Assistive Technology Alternative Financing Program Loan Fund 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 Arkansas General Assembly, gifts, bequests, endowments or federal grants, receipts by the fund from loans made by it, investment income, or other public or private funds.

**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. ARS shall maintain a separate permanent AATAFP account.
- B. The Loan Fund account shall be 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 reserve. Any authorization to expend funds from the reserves must be approved by the Committee.
- D. ARS shall report as outlined in the interagency agreement or contract to the Committee regarding the balance and activities of the Loan Fund.

**SECTION 100.5**                      **FAIR LENDING GUIDES**

The AATAFP provides assistance with loans for the purchase of assistive technology, or for other authorized expenditures to enable persons with disabilities to become more independent members of the community and to improve their quality of life.

Credit criteria will be applied equitably and fairly to all applicants without regard to 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 ARS.

The AATAFP will guarantee loans only to Arkansans with disabilities and their family members within the state of Arkansas who meet the Committee 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 complying with federal regulations to guard the nonpublic personal information.

## **SECTION 100.6**

## **CREDIT CRITERIA GUIDE**

### **Consumer**

While the Committee has flexible loan criteria, there must be a reasonable expectation that the borrower will repay the loan. Loan applicants must demonstrate patterns of stability such as type of residence, length of time at residence, length of time at present job and credit history. An applicant with a poor credit history will be required to present evidence that he/she is addressing the issue by reducing his/her 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. An application will be declined if the applicant exhibits a pattern of adverse credit that cannot be adequately explained and is not being addressed. 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.

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 percent debt-to-income ratio (including the monthly AATAFP loan payment) is required for loan approvals. Applicants who do not meet that requirement may provide a qualified co-applicant.

Individuals having debt or credit issues will be required 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 not approve an AATAFP guaranteed loan application. The Committee will also deny individuals who do not exhibit financial or personal stability.

**SECTION 200.1**

**CONSUMER PRODUCT PROFILE**

**Product Summary:** The Authority may offer installment loans directly to the individuals without involvement of their financial partner depending on the requested loan.

<b>Type of Loan:</b>	<b>Secured and Unsecured</b>
<b>Purpose:</b>	AT Equipment
<b>Minimum Loan:</b>	None
<b>Maximum Loan:</b>	\$50,000
<b>Rate:</b>	Fixed, Prime Rate (determined by <i>Wall Street Journal</i> ) plus 50 basis points
<b>Floor:</b>	3%
<b>Term:</b>	Up to 120 months or useful life of equipment; special circumstances may warrant longer terms
<b>Payments:</b>	Fixed; amortized using the term and rate of the loan.

**SECTION 300.1**

**ELIGIBILITY**

- a. Applicant must be an Arkansas resident with a disability, and his/her family members, guardians, advocates, or authorized representatives who are also residents of Arkansas. The applicant must use the loan to purchase assistive technology or services on behalf of an Arkansas resident with a disability that substantially limits one or more major life activities. Eligibility for individuals with temporary disabilities will be determined by the Committee on a case-by-case basis.
- b. Supporting documentation required by ARS and the lending institution must be provided.
- c. ARS 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, violates any provisions of the program or ceases to meet eligibility requirements 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 presents a significant change in information from the previously denied application as determined by ARS staff.
- e. Loans shall not be made for the purpose of refinancing any existing loan, unless approved by the Committee.

## **SECTION 300.2**

## **APPLICATION PROCESS**

- Applicants will receive application packets from ARS field office, Internet site or AATAFP office. Application packets will contain all forms required for application, including an AATAFP loan application and instructions and a documentation check list.
- The AATAFP will request proof of disability, proof of income and a check, cashier's check or money order for the credit check processing fee. The Committee may ask for additional justification such as evaluation report, doctor's orders, or vendor quotes if the device requested is something not considered to be assistive technology.
- Upon receipt of the completed 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 information obtained by the AATAFP. If the application is approved, the AATAFP will transmit the loan closing documents to the applicant. An applicant whose application is rejected will be notified in writing.
- If an application is incomplete, the applicant may be required to provide proof of additional income, proof of disability, or proof that the requested technology meets program criteria for assistive technology.

## **SECTION 300.3**

## **DIRECT LOANS**

### **Consumer Underwriting Guidelines**

#### **Product Summary**

The amount of a loan shall cover the reasonable cost of the assistive equipment and services, as indicated by materials submitted with the applications. Loan applications up to \$8,000 will be evaluated and approved by the AATAFP Executive Director. Loan applications between \$8,000 and \$50,000 will be evaluated and approved by the loan Sub-Committee. Loans will be booked and serviced by the AATAFP in accordance with 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 ARS are fixed for the term of the loan.
- b. ARS may inspect equipment or review proposed services or modifications to ensure they meet assistive technology requirements.
- c. ARS will coordinate the filing of documents required to provide ARS a security interest in items purchased or modified with AATAFP funds through deeds of trust, liens on titled vehicles, and Uniform Commercial Code (UCC) filings for collateral.
- d. A borrower must request permission from the Committee and notify ARS if collateral will be relocated to and/or registered in a state other than Arkansas. UCC filings will be required for the additional state at the borrower's expense.

The borrower must obtain two bids from licensed contractors when requesting a loan of more than \$5,000 for home modifications. Bidding contractors must document home construction work performed and must provide a firm turnkey price in the bid.

- e. ARS or the Committee may require additional information and charges on all loans secured by mortgages on real property.
- f. There will be no prepayment penalty on AATAFP loans.
- g. A loan is considered delinquent or in default according to the criteria set forth in the loan document.
- h. Borrowers will be assessed late payment and insufficient check fees as established by the Committee.
- i. Loan applicants must demonstrate awareness of what training and maintenance is available for the technology being requested.
- j. Loans will not be provided for terms exceeding the amortized value or general life expectancy of the equipment.

#### **Credit Criteria Guidelines:**

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

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

### **Credit History Requirements:**

- A loan application will be denied if the applicant has a credit rating of R3/I3 and greater unless the poor credit is directly attributable to the individual's disability.
- A loan applicant with a bankruptcy and/or public records documenting unpaid collections and judgments within the last two years after a bankruptcy discharge will not be approved for a loan unless the bankruptcy/unpaid collections and judgments are directly attributable to the individual's disability. An applicant with a bankruptcy or unpaid collections and judgments must demonstrate/show a re-established credit history and evidence of the ability to meet credit obligations.
- Additional documentation may be requested to verify whether 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 who have previously defaulted on a loan to AATAFP.

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

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

Individuals approved 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 must have adequate 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.
- Property used as collateral to secure the loan shall be insured at an amount determined adequate by the Committee and shall maintain the collateral in good condition. The borrower will repay any advances or expenses 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. 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**

A current credit bureau report on the loan applicant will be used by the Loan Sub-Committee and Committee to assess the applicant's willingness and ability to repay. 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 in the calculation of the applicant's debt to income ratio:

### **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 credit bureau report.

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

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

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

Accounts that are due and payable in full each month will not be included in the debt-to-income ratio regardless of the balance. An open account may also include a debt that is not in repayment status, such as some student loans.

### **I – Installment Loans**

If an installment debt shows four months or fewer payments remaining, the payment will not be included in the D/I ratio.

## **SECTION 300.5**

## **TREATMENT OF INCOME**

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, shall be considered as income. The 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 will be converted to a yearly rate of pay based on the average number of hours the applicant works in a month.

### **Income Ranges**

If an applicant provides an income range, the average of the range will be calculated to determine salary as in the following example:

Annual base salary: \$10,000

Commissions: Range between \$15,000 and \$20,000 = \$17,500 average of range

Annual salary: \$27,500

### **Rental Property Income**

Rental property income will be calculated using the following formula:

Gross monthly rent – monthly mortgage payment = net amount

Note: The formula does not apply if the monthly mortgage payment is for the applicant's primary residence.

The net amount will be entered as debt or income. Neither the gross rent nor the mortgage payment will be used in the D/I calculation.

### **Self-Employment Income**

The income of self-employed individuals will be determined from federal tax returns and schedules. Generally self-employment 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 stability and sustainability of the income will be considered.

### **Non Taxable Income**

The following types of income will 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

The following formula will be used to calculate the grossed up amount of the types of income listed above:

**Income amount X 0.25 = grossed up amount (rounded to nearest dollar)**

### **Investment Income**

Investment income will be determined by averaging the two most recent years' income. Interest and dividend income may be considered ongoing income; however, capital gains will be treated as a one-time income opportunity.

**SECTION 300.6**                      **LOAN COMMITTEE**

The Committee has delegated authority to the loan sub-committee to recommend approval or denial of loan applications in accordance with credit criteria established by the Committee. All loan decisions approved by the Commissioner of ARS 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 to evaluate loan requests.
- The loan sub-committee will consist of five (5) members with a quorum of three (3) members.
- No Committee member “and loan sub-committee member” may participate in a vote on an application in which that member has a direct or indirect financial interest in the outcome of the vote.
- The Executive Director of the AATAFP will recommend approval of loans up to \$8,000.
- The Executive Director will:
  - Prepare the loan summary sheet for each pending application
  - Present the loan to the committee at the meeting
- Loan sub-committee members will discuss the application and then vote to recommend approval, denial, or request additional information.
  - Approvals or denials made outside of AATAFP credit policy require documentation of exceptional circumstances.
- Appeals will be heard by the AATAFP Committee.
- A summary of loan decisions since the previous loan sub-committee meeting will be provided to the Committee for ratification at its next scheduled meeting.

**SECTION 400**

**CREDIT AND COLLATERAL DOCUMENTATION**

**Consumer Loans**

The following documents are used for consumer loans. Copies of each document should be held on file in the AATAFP office.

AATAFP Direct Loan Application

Credit Report

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**

- ARS will disburse loan funds directly to the provider of equipment or service.
- ARS requires an invoice, statement or other documentation for all items purchased with loan funds.

**SECTION 500.2**

**APPEALS PROCESS**

- A. If ARS denies an application, the applicant may make a request for reconsideration of the application within the timeframe 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 ARS's response, the applicant may request a review by the Committee. The applicant must make the request in writing and include all supporting information.
- D. The Committee may hear appeals during any regularly scheduled Committee meeting or a special meeting called for this purpose.
- E. Designated ARS 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. The Committee will vote on one of the following courses of action: support the appeal of the applicant, offer an alternative such as approval for a lesser amount, grant approval with conditions, or deny 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 ARS and/or its assignee.
- B. ARS will prepare loan documentation after the loan application has been approved. ARS will be responsible for loan closings.  
ARS will service loans according to the interagency agreement including borrower notification of collection timeframes and default consequences.
- C. If the borrower goes into default for more than 30 days; ARS shall take action as specified in law and the loan documents, ARS will consider the following in determining what action will be taken:
  - a. The likelihood that the loan will be repaid if loan terms are modified and approved.
  - b. The impact of debt collection on the borrower.
- D. ARS may review requests from borrowers to modify the terms of loan repayments and submit such requests to the Committee.
- E. The Committee may consider a request for modification of loan terms or conditions for certain conditions including, but are not limited to:
  - a. Medical/physical change
  - b. Compounding disability
  - c. Change in employment status
  - d. Injury on the job
- F. ARS will demonstrate a process of reasonable and timely interventions to keep the loan active. The Committee may authorize 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.
- G. ARS will apply payments or other monies received on loans, not in default first to accrued interest, second to principal and to late charges.
- H. Borrowers may repay current interest and outstanding balance, and accelerate payments without penalty.

## **SECTION 700.1**

## **COLLECTION POLICIES**

### ***Extensions***

The term of the loan may be extended for a specified number of months to allow a borrower to defer the normal monthly payment(s). Interest continues to accrue on the loan, and the loan payments missed are not considered past due or reported as delinquent.

Borrowers are contacted when a payment becomes 30 days past due. Extensions may be granted for unusual circumstances, such as medical issues, change of residence or unemployment. Borrowers requesting an extension should be able to resume their payments after the extension period. Extensions are discouraged for borrowers who are overextended financially and unable to make payments or who will not be able to resume their monthly payments when the extension period ends

### **Extensions**

- No extensions during the first three months of the loan
- No more than two extensions during the original loan period except in extraordinary circumstances
- Loan extensions up to three months will be approved by the Executive Director

In certain extraordinary situations, the loan subcommittee may consider extensions for longer than three months or more than two extensions during the original loan period. All extensions approved by the Executive Director or loan committee will be reported to the Committee at the next regularly scheduled Committee meeting.

### ***Abatements (Charge Offs)***

- Accounts that are more than 180 days delinquent will be referred to the Committee for recommendation to charge off the loan within 30 days after the account has been delinquent for 180 consecutive days. Committee recommendations for charge off will be forwarded to the Arkansas State Chief Fiscal Officer for adjudication.
  - a) Exceptions to Charge-offs. 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 claims pending or payments forthcoming.

- c) The collateral securing the loan has been repossessed and liquidation is scheduled within 90 days of the account becoming 180 days delinquent.

The account is still in the first 180 days of delinquency.

- d) The Committee will review and forward any recommendations for exceptions to these parameters to the Arkansas State Chief Fiscal Officer for adjudication.
- Accounts of borrowers who have declared bankruptcy will be recommended for charge off to the Arkansas State Chief Fiscal Officer within 90 days of receipt of the Bankruptcy Notice.
  - a) Exceptions to Charge-offs for Borrowers Declaring Bankruptcy. The customer continues to pay and maintains the account in good standing. (Chapter 7 status).
  - b) Reaffirmation of the debt has been completed or is pending, and the customer is making regular payments.
  - c) The account is being paid outside the plan. (Chapter 13 status).
  - d) The Committee will review and forward any recommendations for exceptions to these parameters to the Arkansas State Chief Fiscal Officer for adjudication.
- Accounts of deceased borrowers will be recommended for charge off to the Arkansas State Chief Fiscal Officer within 90 days of the receipt of death certificate.
  - a) Exceptions to Charge-offs for Deceased Borrowers. The executor or administrator or individual legally responsible for the estate has indicated life insurance benefits will be forthcoming prior to the account becoming 180 days past due.
  - b) Payment arrangements have been made by the maker, co maker or endorser.
  - c) Payment arrangements have been made with the executor/administrator, individual legally responsible for estate or individual/guarantor accepting responsibility for the obligation to bring account current within 120 days.
  - d) The Committee will review and forward any recommendations for exceptions to these parameters to the Arkansas State Chief Fiscal Officer for adjudication.

### ***Loan Discharge***

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

- Medical/physical issues
- Compounding disability
- Change in employment status

### ***Repossessions***

AATAFP will evaluate delinquent auto loans for potential repossession when the account reaches 120 days past due, or earlier, if repayment is judged to be unlikely and the potential realized value of the sale exceeds the cost of repossession.

- Prior to repossession, 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 discharge of debt
  - determine if the repossession process should proceed

**SECTION 800.1**

**Confidentiality**

ARS is responsible for complying with the legal requirements to protect the confidential nature of information in individual files, including all personally identifiable 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.