

Oklahoma Assistive Technology Foundation Loan Policy

Policy Number ADMIN-1

Oklahoma Assistive Technology Foundation (OkAT) Loan Manual

Effective Date: October 26, 2016

The OkAT provides low-interest loans with favorable terms and conditions through direct lending and with a participating financial institution that provides loan guarantees so that people with disabilities and their families may acquire assistive technology or computers and other equipment, including adaptive equipment. The Board of Directors consists of nine individuals, the majority of which have disabilities or family members with disabilities. The Board meets quarterly, or as needed, to conduct business and to make loan decisions.

This manual provides guidance to the OkAT Board, ABLE Tech staff and any other individuals working on behalf of the Financial Loan Program to provide direct financing and facilitate bank partner loans. The OkAT Board of Directors shall approve all procedures included in, and added to this manual and be consistent with the Laws of the State of Oklahoma and Bylaws of the organization. The manual will be maintained and distributed by the OkAT Board President and ABLE Tech staff.

Policy Number ADMIN-2

Programs

Effective Date: October 26, 2016

Oklahoma Assistive Technology Foundation in coordination with Oklahoma ABLE Tech has developed the Financial Loan Program to accommodate the needs of its customers, to meet its fiduciary responsibilities, and to follow the appropriate sections of the Laws of Oklahoma. The program includes low interest loans, guaranteed loans made through a financial partner and direct loans. Program data will be collected and provided to Oklahoma ABLE Tech through the life of the Financial Loan Program.

Fees and charges may be assessed to borrowers of any Financial Loan Program loan, in accordance with the Laws of Oklahoma. These fees may be for closing, administrative, liens or insurance purposes, as determined necessary by the Board.

Policy Number ADMIN-3

Definitions

Effective Date: October 26, 2016

Assistive technology means any item, product or piece of equipment that is used to maintain or improve the functional capabilities of individuals with disabilities.

Board means the Oklahoma Assistive Technology Foundation Board of Directors.

Buy down interest rate means OkAT will purchase a portion of the interest charged to borrower to reduce the actual interest paid by the borrower.

A creditworthy individual is one who either has a good credit history with no adverse credit problems and/or an individual who meets the credit standards set by the OkAT Board as outlined in the policy. A creditworthy individual may also be one whose credit problems were related to excessive disability related expenses.

Ability to repay the loan is determined when an individual's debt to income ratio meets the standards set by the Board, assessing all income and other expenses.

Debt (or debt service) is defined as the monthly mortgage/rent payment, monthly payments for existing secured and unsecured loans including credit cards, alimony/child care obligations, and the monthly payment for the requested OkAT loan.

Default is defined as a loan that on or before, one hundred, twenty (120) days in which the borrower has not made a scheduled payment for the balance still owed; or at which time OkAT has paid BancFirst or another lending institution the remaining agreed upon balance of the loan. The Board has the discretion to continue to make monthly payments beyond the one hundred, twenty (120) days in which the borrower has ceased payment if circumstances warrant. The loan balance at the one hundred, twenty (120) day limit would be considered the default balance.

A direct loan is when OkAT markets, receives, underwrites, closes and services its Financial Loan Program loans directly to individual borrowers.

Equipment means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of five thousand dollars, (\$5,000.00) or more per unit. For the purposes of telework outcome, equipment can be five thousand dollars, (\$5,000.00) or less per unit. Inventory and supplies may also be purchased for a telework outcome as long as these items are attached to a specific piece of equipment to be used for a specific telework job to be considered on a case-by-case basis.

Financial Loan Program provides support for low interest loans or low interest guaranty loans to maximize the independence and participation in society by Oklahomans with disabilities so they may purchase the assistive technology they need. There must be a demonstrable connection between the end user's disability and the need for the assistive technology.

A **guaranteed loan** is a partnership loan in which OkAT guarantees that the loan to a borrower is secure and will be repaid to the participating financial institution in the event of a default, thus increasing the lender's willingness to loan funds. OkAT guarantees the full balance of the loan until it is paid in full.

Income is defined as all net wages or salary, commissions, interest, pensions, and other sources of financial support, including Supplemental Security Income (SSI), Social Security Disability Income (SSDI) and retirement benefits.

An **individual with a disability** is a person who self identifies a limitation to a major life function, such as walking, talking, seeing, hearing, taking care of oneself, learning, becoming employed or maintaining employment.

Loan Coordinator means the assigned staff of Oklahoma ABLE Tech who administers the Loan Program.

The **participating financial institution** is any insured lending institution, which has agreed to make loans to qualifying applicants by signing an agreement with terms and conditions meeting OkAT program standards.

Non-guaranty loan is a loan that uses dollars from the participating financial institution that provides consumer bank loans within their underwriting guidelines. The participating financial institution determines the approval of all non-guaranty loans. OkAT maintains an investment through interest buy-down.

A **qualifying applicant** is defined as any creditworthy individual according to OkAT's loan criteria, is a resident of Oklahoma with a disability, or for persons that have a dependent with a disability, residing in the State of Oklahoma. Funds borrowed under the program are to be used to purchase equipment needed to meet a telework outcome, assistive technology devices and services, modify equipment or make adaptations to enhance the independence of people with disabilities in their homes, at work, in schools, or engaged in leisure activities.

A **qualifying co-applicant** is defined as any creditworthy individual according to OkAT's loan criteria that agrees to sign the bank loan application, the bank note, release of information and complete all required information to determine OkAT loan criteria standards are met.

Rescue payment is a monthly payment by OkAT on behalf of the borrower to the participating financial institution for a guaranty loan.

A **resident** is a person domiciled within the State of Oklahoma from the time of application to loan closing.

Telework outcome can assist Oklahomans with disabilities to obtain financing for computers and other equipment including adaptive equipment. Telework outcomes can encompass work that can be performed effectively from home and/or remote sites away from the office, such as work on the road or at a telework center. Telework would apply to individuals with disabilities who experience a barrier(s) to employment and who are unemployed, underemployed, self-employed or needing to maintain employment on a full time or part time basis.

Policy Number GENERAL-1

Low Interest Loan Program

Effective Date: October 26, 2016

The OkAT operates its programs for individuals with disabilities and their family members as special programs in accordance with the laws of Oklahoma. The OkAT does not discriminate because of race, color, sex, ethnic origin, religion, age, sexual orientation or to individuals receiving public assistance. All applicants must be legally able to enter into a binding contract with a lending institution.

The participating financial institution, agrees to be the participating lender provided through the deposit of a low risk interest bearing account by OkAT. The amount is to be placed into a separate account by OkAT, to ensure the availability of funds for the guaranty loans. The interest rate and term of the low interest and/or guaranty loans will be designated in the annual contract between OkAT and the participating financial institution.

OkAT will provide low interest direct loans to credit worthy individuals. Direct loans will be provided in which a maximum loan amount will determine the term. A direct loan with a maximum amount of one thousand, five hundred dollars (\$1,500.00) may have a term of twelve (12) months, a maximum loan amount of two thousand dollars (\$2,000.00) may have a term of twenty-four (24) months and a maximum loan amount of two thousand five hundred dollars (\$2,500.00) may have a term of thirty-six (36) months. If it is in the interest of OkAT, the Board may modify the term and/or amount of the loan on a case by case basis. Approved borrowers will be responsible for any fees related to the loan that may include but not limited to; the closing fee of fifteen dollars (\$15.00), credit report fee, lien fee or UCC filing. All associated fees may be included in the loan. The interest rate will be determined by the Board and reviewed quarterly. A late fee of ten dollars (\$10.00) will be assessed if a loan payment is five (5) days past due.

Policy Number GENERAL-2

Application Process

Effective Date: January 28, 2015

Applicants will receive application packets from OkAT, ABLE Tech, or the participating financial institution. Application packets will include a release of information to OkAT and ABLE Tech, the

loan application, and any other pertinent materials. Application packets will include all forms and instructions necessary to apply.

The OkAT generally does not ask for proof of certain disabilities. However, the Board may ask for attachments to provide evidence of a disability or for justification to the OkAT 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. OkAT does require an evaluation from a licensed audiologist or licensed physician if a person is requesting a guaranty loan for hearing aids. The price of the evaluation can be part of the loan amount. This requirement does not restrict the consumer from purchasing the recommended hearing aid device from any licensed hearing aid dealer.

OkAT may offer optional consumer counseling to all applicants. The OkAT may provide consumer counseling through ABLE Tech staff or through other agencies that agree to provide consumer counseling as a free service. The loan coordinator may assist applicants in the identification of equipment options and vendors, identify other available funding resources, completion of loan applications, and resolve payment problems for guaranteed loans. The Loan Coordinator may also assist the applicant in determining an appropriate loan amount to meet OkAT policy criteria. The borrower may request for OkAT to review a guaranty loan application prior to purchase of the assistive technology device. If pre-approval of the loan is made, the loan coordinator will determine that the fair market value of the assistive technology device meets or exceeds the loan amount prior to loan approval.

Upon receipt of a complete loan application packet, the loan request amount will determine if the loan will be a partner loan or direct loan. If it is determined to be a financial partnering loan, the lender will make its loan decision based on the terms and conditions as agreed to with OkAT. If approved, the bank will close the loan and will provide the loan coordinator with loan documents and required consent forms. Once documentation has been received, the Loan Coordinator will conduct a survey to collect consumer information.

Should the bank reject the application or request the loan to be collateralized through OkAT, the lending officer will notify the Loan Coordinator. The Loan Coordinator will notify the applicant informing him/her that OkAT will consider the application for a guaranteed loan upon the return of a completed monthly expense sheet, applicant loan report, applicant agreement, and audiologist evaluation if necessary which will be provided by the Loan Coordinator. The Board will meet via telephone conference call within one week of the receipt of the necessary applicant documentation requesting loan guaranty. If the Board approves the application, the Loan Coordinator will refer the individual back to the lender for closing. Should the OkAT reject the applicant for a guaranteed loan, the Loan Coordinator will send an adverse action letter stating the reason for denial.

The Loan Coordinator may consider an application to be incomplete and require that an applicant provide additional proof of income, proof of disability, or proof that the requested purchase meets the requirements of the program.

For all direct loans, applications will be processed through the OkAT Loan Coordinator. The Loan Coordinator is responsible for collecting all necessary documentation to determine credit worthiness

of the applicant. The Board will review and decide on loan approval or denial within one week of the receipt of the necessary documentation. Applications will utilize the same criteria and standards that are used for guaranty loan applicants.

Policy Number GENERAL-3

Grievance Process

Effective Date: October 24, 2001

An applicant who is aggrieved by a decision of the Board may petition of Board for reconsideration, in writing or appropriate alternative format, and provide additional documentation that addresses the stated reasons for denial. The Board will consider any new information, provide the applicant an opportunity to be heard; and inform the applicant of its decision at the meeting or within seven (7) days of the meeting.

The decision of the Board will be final.

Policy Number LOANS-1

Income and Credit Criteria for OkAT Direct and Guaranty Loans -

Effective Date: January 27, 2016

All loan applications that OkAT reviews whether direct or guaranty loans, must demonstrate a reasonable expectation that the loan will be repaid. All direct and guaranty loan requests are determined on a case-by-case basis. Generally, OkAT is looking for a pattern of stability with respect to credit history, debt to income ratio, and ability to make the monthly payments. The Loan Coordinator will pull a credit report on all direct loan applicants. The Board may request the applicant to provide an explanation or resolve negative findings within the credit report. In making its determination, the Board may consider the nature and extent of an applicant's creditworthiness, the fair market value of the item requested, and the total dollar amount of the loan.

The Loan Coordinator may ask the applicant and/or co-applicant having debt or credit issues to provide additional financial and/or other information in order to determine qualification for a loan. For verification of income, if an individual's income is based on self-employment, OkAT will require the submission of the past year's income tax return as signed and submitted to the IRS.

Beacon Score: OkAT uses a credit scoring system and credit reports as part of its decision process on all applicants. The automatic scoring or Beacon Score ranges from four hundred (400) to above eight hundred (800). Financial institutions typically require scores approaching seven hundred (700) for loan approval. A Beacon Score of five hundred, (500) is generally required for OkAT to approve a guaranty loan.

Debt to Income Ratio: OkAT will generally approve an applicant with a fifty percent (50%) debt to income ratio if the borrower can adequately document sufficient cash flow for the loan. Individuals with subsidized living arrangements may qualify for a guaranteed loan even if their debt to income ratio exceeds fifty percent (50%). Individuals having approval for special funding (such as a Plan to Achieve Self Support (PASS) through SSA) may be considered without regard to their debt to income ratio.

Ability to Make the Monthly Payments: Qualifying borrowers must document that they have sufficient resources to pay for all living expenses and still have a reasonable expectation of repayment before a loan may be approved by OkAT. The Board may approve loan guaranty to individuals who have additional projected income, and/or co-residents that assist with the monthly rent/mortgage and household expenses, which is verifiable.

The Board may also request a co-resident to become a co-applicant to consider additional income and reduce overall expenses. If an applicant wants to include a co-residents income and expenses, they may apply as a co-applicant.

Policy Number LOANS-2

Loans for Tangible and Intangible

Effective Date: January 28, 2015

OkAT may obtain the highest and most available collateral for all guaranty and direct loans. Home modification loans and loans for vans, automobiles, and equipment will be collateralized through a deed of trust the title, or UCC filing, as appropriate. The Board may request a second lien, in addition to any that may be held by the participating financial institution. Applicants and advocates should note that OkAT intends to maintain the integrity of the loan process, recognizes its fiduciary responsibility to the State of Oklahoma, and expects repayment for all of its loans.

Policy Number LOANS-3

Loan Closing for Guaranty Loans

Effective Date: January 28, 2015

Loan closing documentation is administered by the banking partner. A designated OkAT Board member will sign as guarantor for any guaranty loan as reflected in the borrower resolution. An approved loan must be closed within ninety (90) days of the Board approval. This requirement may be adjusted if the applicant is utilizing coordinating public funds for partial payment of the assistive technology or computers and other equipment. Applicants who have not closed their loan within the ninety-day period may be required to re-apply. Loan funds will be disbursed directly to the vendor, based on vendor invoice.

Policy Number LOANS-4

Loan Closing for Direct Loans

Effective Date: January 28, 2015

Loan closing documentation is administered by the OkAT Loan Coordinator. An approved loan must be closed within ninety (90) days of the Board approval. This requirement may be adjusted if the applicant is utilizing coordinating public funds for partial payment of the assistive technology or computers and other equipment. Applicants who have not closed their loan within the ninety-day period may be required to re-apply. Loan funds will be disbursed directly to the vendor, based on vendor invoice.

Policy Number LOANS-5

Home Modification Procedure

Effective Date: February 3, 2004

When a loan in excess of five thousand dollars (\$5,000.00) is to be used for home modifications, OkAT will require two bids from a licensed contractor before distribution of funds. The contractor must be regularly doing business in the home construction field, must identify a fixed, firm price, and provide a turnkey service. The Program will not support loans for home modifications to rental units or rented mobile homes.

Policy Number LOANS-6

Payment Procedure

Effective Date: January 27, 2016

As a condition of the guaranty or direct loan approval, an applicant must agree to an automatic deduction for the monthly payment from their checking and or savings account. OkAT will report monthly all activity related to the payment on a direct loan through Credit Builders Alliance.

Policy Number LOANS-7

Loans for Re-Financing

Effective Date: January 28, 2015

OkAT does not make loans for the purpose of re-financing an existing loan. OkAT is to make loans to individuals who will "acquire" assistive technology or computers and other adaptive equipment.

Policy Number LOANS-8

Past Due Loans

Effective Date: January 28, 2015

The Loan Coordinator will contact borrowers having OkAT guaranteed or direct loans that are fifteen (15) to thirty (30) days past due. A late fee will be assessed. Guaranteed loans may be brought current through utilization of a rescue payment for a three (3) month period. The Loan Coordinator will determine the nature of the financial problem as well as the borrower's intentions on a case-by-case basis. Reasons that the OkAT may view as acceptable reason for non-payment include, but are not limited to:

- Medical/physical change
- Compounding disability
- Change in employment status
- Injury on the job
- Family expenses that were unexpected.

With an acceptable reason for non-payment, the Board will consider what it could do to help. Options may include the following but are not limited to:

- Consumer counseling
- Modify loan term and conditions.

In addition for guaranteed loans:

- OkAT will make the missed loan payment and seek reimbursement from the loan customer.
- OkAT and the loan customer may arrange to share in the cost of loan payments on a temporary basis. OkAT will seek reimbursement from the loan customer.
- OkAT will pay the loan in full and have the bank reassign the note to OkAT. OkAT will seek reimbursement from the loan customer.

OkAT will demonstrate a process of reasonable and timely interventions with the intent of keeping the loan active. Should the Board believe that repayment is not possible and the reasons are seen as acceptable, the Board may vote to discharge the debt.

Policy Number LOANS-9

Collections

Effective Date: January 27, 2016

The OkAT Board has discretion to pursue loan collections when the customer has not made loan payments according to their agreement. OkAT will report monthly overdue balances on a direct loan through Credit Builders Alliance. When an OkAT guaranty or direct loan borrower is past due without an acceptable plan to become current and/or has not requested a modification of the term agreement due to acceptable reasons, the Loan Coordinator will send out a series of collections letters. No response, or an unsatisfactory response, from the borrower may be considered a default of the OkAT agreement. For guaranty loans, the bank will reassign the note to OkAT. Upon default,

the Loan Coordinator will report negative credit experience of the borrower to a collection agency and demand payment and/or seek all legal means available for repayment from the borrower, including repossession.

Policy Number LOANS-10

Repossessions

Effective Date: January 28, 2015

The Loan Coordinator will evaluate delinquent loans for potential repossession once the account is ninety (90) days past due, or earlier, if voluntary or payment viability is deemed unlikely and the potential realized value of the sale exceeds the cost of repossession. OkAT will not repossess hearing aids. If the repossession is voluntary, OkAT will make arrangements to take possession of the assistive technology or equipment. OkAT will also make arrangements to sell the assistive technology or equipment for fair market value and have the proceeds of the sale (less cost of repossession) go towards the payoff of the note. If the borrower does not agree to arrange for the transfer of the assistive technology or equipment and its title, the borrower is in default with OkAT. OkAT may choose to pay-off the loan to the participating financial institution without repossession.

Factors to consider include:

- diligent collection activity in accordance with OkAT policy and procedure,
- potential value of the repossession and liquidation sale compared to the expense incurred to OkAT, or
- reasons for non-payment warrant an exception for loan modifications or debt forgiveness.

Policy Number FINANCIAL LOAN PROGRAM - 1

Purpose

Effective Date: October 26, 2016

The Purpose of the Financial Loan Program is to maximize independence and participation in society by Oklahomans with disabilities so they may purchase the assistive technology they need. Individuals with disabilities, and their family members, may purchase the assistive technology devices and services. The individual with the disability maintains possession of the device.

Policy Number FINANCIAL LOAN PROGRAM -2

Allowable Assistive Technology Devices and Services

Effective Date: October 26, 2016

The Program will facilitate loans to purchase a broad range of assistive technology. An assistive technology device is defined as any item, piece of equipment or device that enables an individual with a disability to improve individual independence and quality of life. Allowable equipment shall include (but not be limited to):

- Computers with adaptive input or output devices
- New and used modified vehicles or loans for vehicles that will be modified
- Vehicle modifications
- Augmentative or alternative communication devices
- Assistive devices for the deaf or speech impaired
- Hearing aids
- Closed circuit TV or Braille machines for the sight impaired
- Adaptive home modifications, inc. ramps and power lifts
- Prosthetics and/or orthotics
- Environmental control units (ECU)
- Wheelchairs (Power and manual)
- Adaptive mobility products

Other items or devices may be considered that improves or maintains the independence of a person with a disability. In addition, the loan may purchase any services to support the assistive technology device, such as assessments, audiology evaluations, training on the device, and/or extended warranties. Loans may not purchase the repair or maintenance of modified vehicles. There must be a demonstrable connection between the end user's disability and the need for the equipment.

Policy Number FINANCIAL LOAN PROGRAM -3

Purpose

Effective Date: October 26, 2016

In addition, the purpose of the Financial Loan Program is to reduce or eliminate barriers to employment experienced by Oklahomans with disabilities and increase access to and funding of computers and other equipment, including adaptive equipment. The Financial Loan Program provides support for alternative financing mechanisms such as the low interest loan or a guaranty loan to expand telework opportunities for individuals with disabilities. Telework outcomes can encompass work that can be performed effectively from home and/or remote sites away from the office, such as work on the road or at a telework center. The proposed telework location is appropriate based on its relationship to the proposed work. In addition, the equipment to be purchased with the loan is necessary to make that form of telework possible at the proposed location. Telework would apply to individuals with disabilities who are unemployed, underemployed, self-employed or needing to maintain employment on a full time or part time basis.

Telework does not relieve covered employers from their obligations under the Americans with Disabilities Act to provide work site accommodations; however, it will provide individuals with disabilities an alternative mechanism to access computers and other needed equipment not provided by an employer to enable them to establish telework and other alternative work environments.

Policy Number FINANCIAL LOAN PROGRAM - 4

Application Process

Effective Date: October 26, 2016

The Loan Coordinator must first determine, on a case-by-case basis, a person's eligibility for the telework outcome loan prior to approval of the participating financial institution loan application. To be determined eligible, the applicant must be a person with a disability, have a dependent with a disability, or be an authorized representative of the person with a disability. In addition, the person's disability creates a barrier or barriers to employment and the proposed work overcomes that barrier or barriers to employment. The person with a disability must intend to have a telework outcome as a result of purchasing the equipment with the borrowed funds. The participating financial institution can accept a verbal determination from either the Loan Coordinator or an authorized Board member to proceed with the loan application.

Policy Number FINANCIAL LOAN PROGRAM - 5

Allowable Equipment, Devices and Services

Effective Date: October 26, 2016

The Program will facilitate loans to purchase a broad range of computers, other equipment, including adaptive equipment in order for the individual with a disability to have a telework outcome.

Allowable equipment shall include (but not be limited to):

- Computers and related equipment
- Computer access hardware or devices
- Computer software
- Worksite modifications
- Home office modifications
- Modifications to home, outside of office space
- New and used modified vehicles or loans for vehicles that will be modified
- Seating and positioning
- Mobility equipment
- Augmentative or alternative communication devices
- Environmental control devices or equipment
- Office equipment
- Cell phone
- Telecommuting equipment
- Personal digital assistance or other portable electronic equipment
- Videoconferencing equipment
- Hearing aids
- Vision aids
- Off road vehicles
- Other equipment that will directly produce income as a result of a telework outcome.

Other items or devices may be considered that increase an individual's ability to meet a telework outcome. In addition, the loan may purchase any services to support the equipment purchased, such as inventory, supplies, assessments, training, repair, maintenance, upgrade and/or extended warranties. Loans may not purchase the repair or maintenance of modified vehicles. Non-modified vehicles cannot be purchased under the Financial Loan Program.

Prior to approval of a guaranty loan, that is using potential or current self-employment income to purchase new equipment, the applicant may be required to submit a self-employment business plan. At a minimum the plan must include:

- Complete description of the proposed business
- Business objectives
- Ownership
- Marketing analysis and plan
- Financial management plan including personal finance sheets, projected expenses and income for a least two years
- Specific listing of needed new costs and equipment

OkAT will refer applicants to programs and services across the state that may assist the individual with the self-employment business plan.