

# Sample Policies and Procedures

## FY 17 (Northwest Access Fund)

### I. Loan Underwriting Policies & Procedures

**Consumer Oversight:** The Northwest Access Fund is a certified Community Development Financial Institution (“CDFI”) that seeks to improve the socio-economic circumstances of Washington residents with disabilities through access to affordable credit, financial counseling and related services. By the terms of its bylaws and organizing documents – and in practice -- NORTHWEST ACCESS FUND’s Board is majority controlled by individuals with disabilities. NORTHWEST ACCESS FUND makes an active attempt to recruit individuals with a range of disabilities as Board members, Committee members and employees. Individuals with disabilities participate in all levels of decision making within the organization including Board committees. In addition, NORTHWEST ACCESS FUND seeks consumer feedback on its programs through contact with other community organizations, participation in community events and other methods including surveys and focus groups – all with the goal of maintaining consumer oversight and responsiveness in the administration and implementation of its programs.

**Loan Policies & Procedures:** NORTHWEST ACCESS FUND’s loan policies and procedures are established by its Board of Directors. At least annually, and more frequently if needed, the Board will review and revise NORTHWEST ACCESS FUND’s loan policies and procedures based upon the recommendations of its Loan Review Committee (Attachment A). NORTHWEST ACCESS FUND is a direct lender – meaning that it markets, receives, underwrites, closes and services its Assistive Technology and Telework (Employment and Self Employment) Loans directly to individual borrowers. The Loan Review Committee may recommend, and the Board may authorize, contracts with other financial institutions for the purpose of attaining efficiencies or access to expertise and resources in marketing, underwriting, closing or servicing of its loans. NORTHWEST ACCESS FUND also may contract with other organizations for the purpose of establishing new loan products. Different policies and procedures may apply to loans issued under such contracts. In all cases, such policies will be approved by the Board based upon the recommendations of the Loan Review Committee.

#### A. Definitions

**1. Assistive Technology Device:** Any device used to maintain or enhance the independence, quality of life or functional capabilities of an individual with a disability. Whether a particular device qualifies as assistive technology is determined on a case by case basis using a functional analysis consistent with U.S., Rehabilitation Services Administration Technical Assistance Circular RSA-TAC-06-02 dated September 7, 2006, and parameters established by other funding sources, such as the CDFI Fund.

**2. Assistive Technology Service:** Any service that directly assists an individual with a disability in the selection, acquisition, or use of an assistive technology device. Such term includes, but is not limited to:

- Evaluation of the assistive technology needs of an individual with a disability;
- Repairing or replacing of an assistive technology device;
- Training or technical assistance relating to the use of an assistive technology device.

Whether a particular service qualifies as an assistive technology service is determined on a case by case basis consistent with U.S., Rehabilitation Services Administration Technical Assistance Circular

RSA-TAC-06-02 dated September 7, 2006, and parameters established by other funding sources, such as the CDFI fund.

**3. Individual with a disability:** An individual with a mental, physical, or sensory impairment who meets the definition of an individual with a disability under Federal or State Law. Specific documentation of disability will be required only in those circumstances where it is not obvious from the individual's application or the nature of the equipment or technology purchased. Such documentation may include, but is not limited to: a written statement from a doctor or other medical professional; current medical records; a disability benefits award letter or other written finding from a relevant social service agency including, for example, the Division of Developmental Disabilities, Department of Services for the Blind and the Division of Vocational Rehabilitation.

**4. Telework (Employment or Self Employment):** Per the U.S. Department of Education Circular dated April 2, 2007 and incorporated herein Telework includes:

(a) Full or part-time employment or contract employment performed, in whole or in part, at a Telework location appropriate to the individual's disability and employment and approved by the Loan Review Committee.

(b) Self-employment performed, in whole or in part, at a location appropriate to the individual's disability and employment and approved by the Loan Review Committee.

**5. Telework (Employment or Self Employment) Equipment:** Any device or apparatus needed to effectively perform employment or self employment, or actively pursue employment or self employment, and any service that directly assists with the selection, acquisition or use of such equipment or device. The term, Telework equipment, includes but is not limited to:

- Computers, printers and related peripherals;
- Software and software licenses;
- Fax machines;
- Scanners;
- Office machines (e.g., calculators);
- Telecommunication devices and services
- Office furniture
- Home and work space modifications as needed to effectively perform Telework
- Motor vehicles as needed to effectively perform Telework
- Manufacturing and fabrication equipment and
- Assistive technology as needed to effectively perform Telework.

Telework services include but are not limited to:

- training to use Telework equipment and devices,
- maintenance agreements and extended warranties for Telework equipment and devices, and
- repair expenses for Telework equipment or devices.

Equipment does not include raw materials and inventory for businesses. However, per the U.S. Department of Education Circular dated April 2, 2007 incorporated herein, Telework loans may be used to purchase inventory and supplies associated with a Telework business equipment loan.

**B. Eligibility & Outreach:** NORTHWEST ACCESS FUND's Assistive Technology and Business loans are available to all Washington and Oregon residents with disabilities regardless of type of disability, age, income level, location of residence within the state or type of device, service or equipment sought. A resident is defined as a person who currently lives in Washington or Oregon and intends to continue living here permanently or for an indefinite period of time. NORTHWEST ACCESS FUND makes a special effort to serve individuals whose income, net worth or credit history make it difficult for them to procure traditional financing (NORTHWEST ACCESS FUND's "target market"). Borrowers must nevertheless demonstrate creditworthiness and/or an intent and ability to repay the loan. NORTHWEST ACCESS FUND makes a special effort to market its loan products throughout the states of Washington and Oregon to individuals of all ages with disabilities of all types and from a variety of racial, cultural and ethnic backgrounds. Attachment B.

**1. Assistive Technology Loans:** Washington and Oregon state residents with disabilities of all ages with disabilities of all types to finance purchases of assistive technology devices and services and/or home or vehicle accessibility modifications and/or family members and representatives including employers for the benefit of such individuals. Ownership of the technology must vest in the individual and/or family members and representatives if used for the benefit of such individuals.

**2. Telework Loans:** Washington and Oregon state residents of all ages with disabilities of all types to finance purchases of equipment needed for Telework purposes and/or family members or other representatives (including employers) for the benefit of such individuals. Ownership of the equipment must vest in the individual with a disability and/or family members and representatives if used for the benefit of such individuals. Telework loans that are funded through the CDFI fund may also be used for business working capital.

## **C. Loan Policies**

**1. Loan Amounts:** Allowable loan amounts for the Assistive Technology and Telework loans will be set annually by the Board depending upon available loan capital and expected demand. The maximum amount of any single loan for the Fiscal Year beginning on October 1, 2016 and ending on September 30, 2017 is \$25,000 for Assistive Technology loans, and for Telework employment loans, up to \$10,000 for startup business (self employment) loans (businesses operating less than two years), and \$25,000 for established businesses (operating for at least two years). The Loan Review Committee may make recommendations to the Board for loans that exceed the maximum loan amount after consideration of the borrower's ability to repay, the impact on the availability of loan capital for other borrowers and overall risk to the portfolio. Loan funds may be combined with other financial resources.

**2. Loan Terms:** Loan terms up to five (5) years are allowable depending upon the useful life of the items purchased and the borrower's ability to repay. (Exception noted in section 13 for vehicles) The Loan Review Committee may approve loans with longer terms on a case by case basis except that the term of the loan may not exceed the useful life expectancy of the equipment to be purchased.

**3. Interest Rates:** For Fiscal Year 2017 the interest rate will be set at 5%. Interest rate policies will be set annually by the Board based upon the recommendations of the Loan Review Committee. The interest rate will be reviewed at least annually.

**4. Loan Fees:** No loan fees will be charged for the Fiscal Year beginning on October 1, 2016 and ending on September 30, 2017. Loan fees and costs will be set annually by the Board based upon the recommendations of the Loan Review Committee.

**5. Titles, Liens & Security Interests.** Equipment and devices purchased with ACCESS FUND loans will be titled in the name of the individual with a disability (unless the individual is under 18 years of age in which case it will be titled in the name of an appropriate family member or legal guardian). NORTHWEST ACCESS FUND will take a security interest in the equipment, device or service whenever possible and may request additional collateral or security in other borrower assets as needed to protect against the risk of loss. In the case of a vehicle, it will be titled in the name of the NORTHWEST ACCESS FUND (unless other collateral is provided) and the borrower will be the registered owner.

**6. Insurance.** Qualifying borrowers will generally be required to insure the equipment for the value and duration of the loan – adding NORTHWEST ACCESS FUND as loss payee. The cost of insurance, other than vehicle insurance, may be included in the loan. Insurance will not generally be required for loans under \$500.

**7. Maintenance, Repairs and Upgrades.** The qualifying borrower will be responsible for repairs and maintenance of the equipment. The loan (or a second additional loan) may be used to finance repairs, maintenance, extended warranties or maintenance agreements, and equipment upgrades.

**8. Self-Employment and Employment.** Applicants for employment or self-employment loans must show that (a) they intend to use the business or adaptive equipment purchased with their loan for employment or self employment in which they are currently engaged (b) they intend to use the business or adaptive equipment purchased with their loan for training to engage in employment or self-employment or (c) they intend to use the business or adaptive equipment purchased with the loan to seek employment or self-employment. Whether a person is engaging in employment or self-employment is determined on a case by case basis following U.S. Department of Education Telework guidelines (as noted in U.S. Department of Education Circular dated April 2, 2007) and incorporated herein. Under these guidelines, applicants must establish that:

- their disability creates a barrier or barriers to employment
- the proposed work overcomes that barrier or barriers
- the work can effectively be performed at the proposed location
- the proposed location is appropriate based upon its relationship to the proposed work
- the equipment to be purchased with the loan is necessary to make that form of work possible at the proposed location
- the loan increases access to technology or equipment
- the loan increases employment opportunities and competitive employment outcomes
- their primary employment goal at time of application was to:
  - ☐ Become newly employed in telework for an employer
  - ☐ Become newly self-employed
  - ☐ Change to teleworking job for an employer
  - ☐ Change to self-employment job
  - ☐ Expand existing business

- ☐ Other, with brief description

**Additional requirements for Employment/Self-employment loans:**

Self-employment applicants will be asked to provide a business plan and, if already in business, historical information about the business' performance.

Applicants who intend to engage in employment or contract employment must provide written documentation describing the essential terms and conditions of the arrangement.

Applicants who intend to purchase business equipment to engage in training for employment or self-employment must document eligibility for and enrollment in a relevant training program.

Applicants who intend to use the loan to seek home based employment or self-employment must describe how the business equipment purchased will assist them in their search for such employment.

Applicants who need funding in addition to that available through employment/self-employment loans should identify the additional sources of funding.

NORTHWEST ACCESS FUND's staff will provide technical assistance and information and referral to resources that can help the potential borrower meet these requirements.

**9. Check Issuance.** Northwest Access Fund's check will generally be made payable to the vendor of the equipment or service.

**10. Policy on Balloon Payments.** NORTHWEST ACCESS FUND will not make loans with balloon payments.

**11. Used Equipment.** NORTHWEST ACCESS FUND will make loans to cover the purchase or repair of used equipment where there is reasonable assurance that the equipment will continue to function cost-effectively for the lifetime of the loan. The Borrower may be expected to purchase extended warranties or maintenance contracts for the lifetime of the loan when available. The cost of such warranties or maintenance contracts can be covered through the loan.

**12. Refinancing Policy.** NORTHWEST ACCESS FUND will provide loans to refinance existing debt for employment/self-employment or assistive technology equipment as long as the following requirements are met: 1) Documentation of the purchase of the item to be refinanced is provided in the form of the original receipt or credit card statement; 2) The item is being refinanced in order to obtain a lower interest rate; 3) NORTHWEST ACCESS FUND will disburse the funds to the lender, not the borrower. Exceptions may be made on a case by case basis.

**13. Vehicle Policy:** The market value of the car should meet or exceed the car price. Modifications of vehicles will be taken into consideration as a value added. Loan terms will be set proportionately to the age, mileage and make of the car. These policies are set as guidelines, and the LRC can make exceptions to the policy as they see fit on a case by case basis.

**14. Denture Policy:** NORTHWEST ACCESS FUND will review applications for the funding of dentures where it is established that the individual's dental condition (lack of teeth) is such that it substantially limits the major life activity of eating or is a basis for discrimination in employment, education, credit or other important arenas.

**15. Cochlear Implants & Other Medical Devices:** NORTHWEST ACCESS FUND's assistive technology loans can be used for funding medical devices and prosthetics (such as cochlear

implants) that maintain or enhance the functional capabilities of an individual with a disability as long as there is a detachable external device that functions as assistive technology.

**16. Surgery As A Related Service:** Where surgery is required in order to effectively use an assistive device, this will be treated as an Assistive Technology service.

**17. Assistive Technology Services.** Loans for assistive technology services are made at the discretion of the Loan Review Committee. While subject to the same caps as loans for assistive technology devices, the loan review committee may exercise its discretion to limit the amount or percentage spent on services as needed to limit risk in the case of any particular loan.

**18. Maximum Credit to a Single Borrower:** The aggregate outstanding principal balance of all loans to one Assistive Technology borrower will be no more than \$25,000 and no more than \$25,000 for employment/self-employment borrowers. Exceptions to this policy can be made upon recommendation from the LRC with the approval of the Board of Directors. For purposes of this policy, loans will be grouped by borrower (including loans for which the borrower is a guarantor) and related entities or individuals.

**19. Down Payment Policy:** The Loan Review Committee may require down payments on a case by case basis. When a down payment is required the reason for that requirement will be documented in the meeting minutes.

**20. Hearing Aid Policy:** All hearing aid applicants must have an evaluation performed by a licensed audiologist within one year prior to the application. Exceptions for good cause may be granted by the LRC.

**21. Service Animals:** Service animals may qualify as an assistive technology service if they assist an individual with a disability in the use of an AT device. Applications for financing of service animal related expenses will be considered on a case by case basis.

**22. Other Conditions & Policies:** NORTHWEST ACCESS FUND may establish additional standards and policies as needed to implement its loan programs including specific criteria for different types of equipment and different loan products.

**23. Exceptions to Policy:** Exceptions to these policies may be made on a case by case basis by the Loan Review Committee, except where Board approval is expressly required (See Loan Policies #1, #3, #4, and #18).

## **D. Loan Application & Review Procedures**

**Statement of Policy:** It is the policy of the Northwest Access Fund to ensure that loan applications are processed on a timely basis and without undue delay. NORTHWEST ACCESS FUND balances the need for a timely decision with the value of providing borrowers with opportunities to provide additional documentation and answer relevant questions from NORTHWEST ACCESS FUND's loan review committee. NORTHWEST ACCESS FUND also is committed to requiring only that paperwork needed to make an informed decision about eligibility and risk.

**1. Initial Contact.** When individuals contact NORTHWEST ACCESS FUND, staff will offer information about NORTHWEST ACCESS FUND's Assistive Technology and Telework Loan Programs. Staff also will offer information & referral (e.g., help to identify knowledgeable vendors and

service providers, other funding sources and related assistance - including consumer credit counseling - as needed). If the individual states an interest in applying for a loan, staff will send them an application packet that includes lending guidelines, an application form, an instruction sheet and other pertinent materials. Correspondence and the application packet will be provided in alternate formats as needed and/or requested.

**2. Application.** The Assistive Technology & Telework applications will include the following information and required attachments:

- Applicant's legal name
- Nature of relationship to the person with a disability who will use the assistive technology
- Nature and documentation of disability
- Description of assistive technology or Telework equipment being requested.
- Amount of loan request including costs of equipment purchase, extended warranty, service agreement, insurance, training, maintenance and repair
- A financial information sheet for each loan applicant which includes information regarding income and expenses and assets and liabilities
- For employment/self-employment applicants, (a) a business plan (for self-employment) with business goals (b) name of the employer or potential employers and description of the employment or (c) a description of the steps applicant is taking to develop the business plan or Employment Agreement (e.g., working with Small Business Development Center to develop a Business Plan; working with employer to identify terms and conditions of employment).
- Demographic data sheet
- Signed statement verifying truthfulness and accuracy of all information submitted and authorizing NORTHWEST ACCESS FUND to conduct a credit review and otherwise investigate the individual's ability to repay the loan.

**3. Initial Application Review.** Upon receipt of an application, NORTHWEST ACCESS FUND staff will: (a) verify that the applicant meets program eligibility requirements according to the Application Review Guidelines (Attachment E); (b) request a credit check and (c) prepare a credit memo for staff review or the Loan Review Committee (Attachment C).

**4. Final Review of Application.**

- There will be four levels of decision making authority, depending upon the amount of the loan requested:

**1)** NORTHWEST ACCESS FUND Program Director will make decisions for all loan requests up to but not exceeding \$500.00. The Executive Director will sign off on all loans prior to disbursement.

**2)** NORTHWEST ACCESS FUND staff and Executive Director will make decisions for all loan requests over \$500.00 but not exceeding \$1,500.00.

**3)** The Loan Review Committee (LRC) (Attachment A) will decide loan requests over \$1500.00, but not exceeding an amount to be determined by the Board *on an annual basis* depending upon loan capital availability and program demand. Loan caps for FY17 will be \$25,000 for Assistive Technology borrowers, \$10,000 for start up Employment/Self-employment borrowers (in operation less than 2 years) and \$25,000 for established businesses (in operation two or more years).

**4)** In the circumstance where an exception to the loan cap policy is considered, the LRC and the Board must approve any loan or combination of loans where the outstanding total current loan balance would exceed \$25,000 on Assistive Technology or Telework loans.

- The meeting schedule for the LRC is set annually. During FY17, regular LRC meetings will occur twice a month, assuming there are loans to be reviewed. Meetings and loan approval can be in person or by phone. Loans applications may also be approved by email in appropriate circumstances. If a member of the LRC requests a meeting to discuss an application in lieu of an email vote, within 2 days of the email vote request, the application will be tabled and added to the agenda for the next phone or in person meeting.
- The LRC (or Board) will approve the loan request, reject it, approve it with conditions or identify additional information needed.
- Approval with conditions means that: (a) the LRC (or Board) identifies certain questions that must be answered before a decision on a loan application can be reached or (b) the LRC or Board grants conditional approval requiring that certain conditions be met before disbursement of funds. Examples of such conditions include but are not limited to:

1. Verification of the AT user's disability
2. Verification of the applicant's income,
3. Copies of tax returns, business licenses or other relevant documents
4. Price quotes for all items to be purchased
5. Price quotes for insurance coverage for the item purchased
6. An evaluation or other written verification of the appropriateness of the AT or equipment to be purchased
7. Written verification of plans to address training, repair, software update, warranty and other related product issues
8. Use of automatic debit payments/electronic funds transfers for loan repayments and insurance
9. Participation in an approved financial counseling or financial management plan
10. Identification of other funding sources to complete a funding package
11. In the case of employment/self-employment applications, completion of an approved self-employment or small business plan or Employment Plan.
12. Any other condition recommended by the Loan Review Committee.

In some cases, these requirements may be written into the loan contract and may include specific time limits. In such cases, failure to meet these requirements may be a condition of default and cause for acceleration of the loan. The cost of technical assistance may be included in the amount of the loan and amortized over the life of the loan.

In the case of a business loan application, the LRC will evaluate and provide feedback on the business plan. However, approval or denial of the loan does not imply that the LRC believes the business will necessarily be successful or fail. The LRC will also consider several other factors in it's decision, including personal finances and credit history, (especially if the business is a start-up), the size of the loan requested, and potential collateral.

**5. Notification to Loan Applicant/Deadlines: All loan decisions must be made, and loan applicants notified in writing of NORTHWEST ACCESS FUND's decision, within 30 calendar days of the date on which the loan application is complete.**

**6. Loan Closing:** Loans that have been approved must be closed within ninety (90) calendar days of the date of approval. Applicants who have not closed their loans within the ninety-day period may be required to re-apply to Northwest Access Fund for approval. Once the LRC has approved a loan, the NORTHWEST ACCESS FUND underwriting staff can adjust the loan amount if the quote for the equipment or services changes by an amount not exceeding 10% of the originally approved loan amount as long as the total amount loaned does not exceed the loan cap.

**7. Denials:** Individuals whose applications are not approved will be informed of the reasons for the denial. If possible, NORTHWEST ACCESS FUND staff will identify other sources of funding for the equipment and if appropriate, the specific steps the applicant can take to improve his/her chances of qualifying for a loan in the future. To appeal the loan decision, the applicant must follow the following guidelines:

1. All appeals must be submitted in writing to the Program Director, who will submit them via email or mail to the LRC.
2. To be considered, an appeal must be submitted within 30 calendar days of the decision date and directly address all of the reasons for the denial with specific explanations.
3. Appeals shall be limited to 2 pages.
4. The LRC shall make a decision on the appeal within 10 calendar days from the date it is received by the loan committee

If denied, the appeal will be taken to the Board which will consider it at the next regular board meeting. Applicant will be notified of the Board's decision within 10 calendar days of the board's decision. Applicants will be informed of NORTHWEST ACCESS FUND's appeal policies upon request.

## **E. Credit Factors**

Staff and the Loan Review Committee will use the following credit factors as guides in determining the potential Borrower's ability to repay and likelihood of repayment. These credit factors are not to be interpreted as a credit scoring system; they are guides to be applied with varying degrees of emphasis, depending on the unique characteristics of each potential borrower.

- Applicants' income and expenses
- Credit Report & Credit Score
- Job or income maintenance history
- Past payment history
- Amount of credit owing and debt to income ratio
- Total amount of credit available, length of time credit has been managed; and types of credit established
- Personal recommendations if requested
- Borrower's net worth
- Availability of guarantors, co-signors and/or collateral to secure loan
- In the case of employment/self-employment loans, prior business, self-employment or employment history

In terms of past payment history, factors to be included in the evaluation include:

- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, utility payments, rent payments, telecommunications payments, mortgage, etc.)
- Presence of adverse public records such as bankruptcy, judgments, suits, liens, wage attachments
- Collections, delinquencies and past due items
- Severity of delinquency, meaning how long the payment(s) are past due
- Number of past due items on file
- Number of accounts paid as agreed
- Extenuating circumstances relating to Bankruptcies and judgments including disability-related events and medical expenses.

In terms of the amount of credit owing, NORTHWEST ACCESS FUND will evaluate the total credit burden on the borrower using guidelines in Attachment C.

**Credit Builder Loans:** Credit builder loans are loans of up to \$500 for AT or Employment/Self-employment applicants who do not otherwise qualify because of credit history. Credit builder loans are intended to help applicants build or rebuild credit and purchase needed Assistive Technology or employment or business equipment. Repayment of all credit builder loans must be by Electronic Funds Transfer.

## **F. Loan Monitoring and Post Loan Technical Assistance Policies**

Loan monitoring is an indispensable component in ensuring borrowers' long-term success. Monitoring loans is a continuing process that includes communication with the borrower, and appropriate forms of technical assistance when necessary.

- 1. Reporting:** NORTHWEST ACCESS FUND staff will prepare monthly reports on the performance of the portfolio. This report will summarize all lending activity. The report will allow staff and Board to track trends and take appropriate action on troubled loans.
- 2. Social Impact Data:** Social impact data will be collected at the time of application, and at appropriate intervals after loan disbursement and/or denial. Data collection will be designed to measure (a) the extent to which NORTHWEST ACCESS FUND is achieving its goal of serving individuals with disabilities throughout the state regardless of type of disability, age, income level, location of residence within the state or type of device, service or equipment sought; (b) the impact of NORTHWEST ACCESS FUND's loans on outcomes with respect to independent living, employment and education. Such data will include data collection required by the U.S. Department of Education RSA for the AFP, Telework and the Assistive Technology Act Programs. Such data shall include, but not be limited to:

- Functional Limitation Addressed
- Gender, ethnicity, age and income of individual with a disability (and borrower as appropriate)
- Distribution of NORTHWEST ACCESS FUND loans by county
- Types and amounts of loans
- Purposes for Which AT loan is used & Outcomes with respect to:
  - Education

- Employment – Jobs created or retained with narrative explanation; income from such jobs
- Community Living

NORTHWEST ACCESS FUND's data collection also will incorporate any other specific measures required by Funders including, without limitation, the U.S. Department of Treasury and private funders.

**3. Reporting to Credit Bureaus:** NORTHWEST ACCESS FUND is a member of the Credit Builders Alliance (CBA), a non-profit agency which reports members' loan payment data on a monthly basis to the credit bureaus, using our loan software program, Downhome Loan Manager.

## **G. Default and Foreclosure Policies**

**1. Late Payments:** In the event that a loan payment is more than **ten (10) calendar days late**, a late payment penalty in the amount of \$10.00 will be charged and will become immediately due and payable. NORTHWEST ACCESS FUND staff will call the borrower to ascertain the reason for the late payment, and to obtain a commitment date for payment. The Program Director may waive penalty fees.

**2. Default:** Borrowers will be in default if s/he does not make a payment within **31 calendar days** of when due or NORTHWEST ACCESS FUND learns that the Borrower has made material misrepresentations in the loan application and/or related communications. Borrowers also may be found to be in default if:

- a. There is, in Northwest Access Fund's sole judgment, a significant lessening of Borrower's ability to repay the loan evidenced by this Note, or a significant impairment of the Collateral;
- b. Borrower dies, becomes insolvent or goes into bankruptcy;
- c. Borrower breaks any promises in this Note and Security Agreement.

If Borrower is in default, Northwest Access Fund may, at its option, demand immediate payment of the entire unpaid balance of this Note, upon providing any notice required by applicable law. Interest after the expressed, or any accelerated maturity shall accrue at the rate expressed in the Promissory Note.

### **Usual Procedures if Loan is in Default:**

NORTHWEST ACCESS FUND will contact any borrower whose loan is past due within 10 days of the missed payment due date and determine the reason(s) for the late payment and the borrower's intentions. The staff will follow-up with a collections letter if the payment is more than 30 days late, indicating the need to make the loan current, and NORTHWEST ACCESS FUND's intention if the loan is not made current. This letter will invite borrowers to work with NORTHWEST ACCESS FUND to create a plan to get the loan back on track. At 90 days, NORTHWEST ACCESS FUND will consider the loan to be in default if no prior mutually agreeable arrangement has been met. If the account is not made current and repayments are not received in a reasonable timeframe, NORTHWEST ACCESS FUND reserves the right to repossess the equipment and resell or lease it, demand repayment and take appropriate legal action. See the Investment Policies for language regarding specific loan loss reserve policies and charge off policies.

NORTHWEST ACCESS FUND realizes that, at times, some borrowers may find it difficult to meet the terms of repayment. When that is the case the borrower is expected to contact NORTHWEST ACCESS FUND as soon as possible. NORTHWEST ACCESS FUND may then consider renegotiating or restructuring the loan. Possible restructure options include, but are not limited to:

1. allowing “interest-only” payments;
2. restoring the borrower to “current” status and making arrangements for the customer to repay the past due amount;
3. adjusting the length of the loan and reducing the monthly payment for the customer.

**Each of these changes is subject to approval by the Loan Review Committee if it involves more than two missed payments.** A borrower agreeing to any such change may be required to sign a contract agreeing to the terms and conditions as set forth.

If a loan is 120 days or more in arrears and has not yet been charged off, a specific loan loss reserve equal to the amount of the principal will be established to cover the potential losses.

**4. Foreclosure Policies:** NORTHWEST ACCESS FUND Board will approve all decisions to foreclose on equipment, assistive technology or other collateral used to secure its loans.

## **H. Other Services**

In addition to loans, NORTHWEST ACCESS FUND will offer the following technical assistance and services to its potential borrowers and borrowers. Such technical assistance is a valued and critical component of NORTHWEST ACCESS FUND’s lending program

**1. Assistive Technology Information and Referral:** Whenever possible, NORTHWEST ACCESS FUND staff will provide technical assistance and information and referral relating to the selection and purchase of AT, resources for identifying appropriate AT and referrals to AT and rehabilitation vendors and service providers. Staff also will recommend strategies for successfully accessing other funding sources (including free and low cost funding) for needed AT -- to be used either as an alternative to a financial loan or in conjunction with such a loan. As appropriate, NORTHWEST ACCESS FUND will refer potential borrowers to Benefit Professional Assistance Organizations to assist with preparation of PASS Plans and to ensure that borrowers take maximum advantage of other Work incentive programs and relevant tax benefits. In providing such services, NORTHWEST ACCESS FUND staff will coordinate with existing I and R programs including those offered by the Washington Assistive Technology Act Program and the state’s Independent Living Centers.

**2. Employment/Self-employment Information & Referral:** NORTHWEST ACCESS FUND staff will provide technical assistance and information and referral for entrepreneurs relating to small business and micro-enterprise planning; sources of funding for small businesses and micro-enterprises (including PASS plans, Vocational Rehabilitation Services; community development and micro-enterprise lenders, SBA, etc.); resources for necessary skill acquisition (e.g., training on tax and accounting issues and related software) and resources relating to the selection, purchase and effective use of business equipment. As appropriate, NORTHWEST ACCESS FUND will refer potential borrowers to Benefit Professional Assistance Organizations to assist with preparation of PASS Plans and to ensure that borrowers take maximum advantage of other Work incentive programs and tax benefits. NORTHWEST ACCESS FUND also may assist with finance packaging.

**3. Financial Management Counseling & “Loan Readiness.”** NORTHWEST ACCESS FUND will refer borrowers and potential borrowers to other nonprofits that offer credit counseling and financial education, as appropriate.

**4. Follow-Up:** NORTHWEST ACCESS FUND staff will maintain records of its contacts and communications with potential borrowers and will initiate follow-up on a periodic basis to determine status of their efforts to obtain assistive technology and/or employment or self-employment.

## **Attachment A**

### **LOAN REVIEW COMMITTEE**

The Loan Review Committee (LRC) is a standing committee of the Board of Directors.

#### ***Structure and Meetings***

- Members of the committee are appointed by the Board of Directors.
- The LRC chairperson and vice-chair will be selected by the committee members. The chair and vice-chair, who must be members of the Board, can serve as committee officers (in that capacity) for two terms. However, succession must be affirmed by the board.
- When the LRC Chair is not available, the vice-chair may conduct the committee meetings. If neither the chair nor the vice-chair are available, a board member may conduct the committee meeting.
- The LRC will have a minimum of three and a maximum of 10 persons at all times, two of whom must be members of the Board.
- The Board President and the Executive Director will be ex-officio members of the committee.
- The committee will usually meet twice a month by phone or in person. Additional meetings may be requested at any time by the chairperson, Executive Director, or Program Director.
- A loan decision will require that at least two LRC members vote on the loan, it needs to be a majority vote and one of the votes needs to be from a board member. Staff can provide input but not vote on a loan decision.

#### ***Responsibilities***

- Critically assess and analyze all loan requests over \$1,500.00.
- Make decisions on loans over \$1500 including setting terms and any specific loan conditions.
- Approve exceptions to Loan Underwriting Policies and Procedures.
- All LRC members will sign a conflict of interest agreement.
- Assist NORTHWEST ACCESS FUND staff in the development of risk management policies, including loan underwriting standards.
- Review and critically assess staff reports concerning the loan portfolio.
- Together with NORTHWEST ACCESS FUND staff, monitor loan portfolio performance.

- Make recommendations to the Board of Directors regarding the restructuring of loans and/or foreclosure proceedings.
- The LRC will also carry out other duties assigned to it by the Board of Directors.
- Confidentiality: All non-public personal information of the applicant obtained and reviewed in loan applications will be kept confidential and will not be disclosed to persons outside of the NORTHWEST ACCESS FUND Board, committee members, employees and others within the NORTHWEST ACCESS FUND organization, without the consent of the applicant or as otherwise permitted by applicable law.

## **Reporting**

- The Program Director and/or Committee Chair will provide a brief report of the committee's activities at each meeting of the Board of Directors.

## **Meeting Information**

- Agenda including status of approved but not disbursed loans and other relevant information
- Minutes of the previous LRC meeting.
  - Loan portfolio report.
  - Credit Memo and Financial information for all loans under consideration at the meeting.
  - Business plan or draft business plan for business loans, as appropriate.

## **Attachment B: Outreach Policies**

### **OUTREACH POLICIES FY17**

#### **GENERAL**

- NORTHWEST ACCESS FUND MATERIALS WILL BE MADE AVAILABLE IN ACCESSIBLE FORMATS
- APPLICATION MATERIALS & GUIDELINES WILL BE AVAILABLE ON NORTHWEST ACCESS FUND'S WEBSITE IN ACCESSIBLE FORMAT
- NORTHWEST ACCESS FUND WILL MAINTAIN ELECTRONIC & PRINT MAILING LISTS THAT INCLUDE CONSUMERS, COMMUNITY DEVELOPMENT LENDERS, SMALL BUSINESS DEVELOPMENT CENTERS, VENDORS, SERVICE PROVIDERS, TRIBAL ORGANIZATIONS, DISABILITY & AGING FOCUSED GOVERNMENT AGENCIES & COMMUNITY ORGANIZATIONS INCLUDING ORGANIZATIONS AND AGENCIES THAT SERVE A RANGE OF DISABILITIES
- NORTHWEST ACCESS FUND WILL SEND OUT PERIODIC NEWSLETTERS AND SPECIALIZED MAILINGS (E.G., TO SERVICE PROVIDERS, SPECIAL EDUCATION PROFESSIONALS, ETC.) TO KEEP INTERESTED PARTIES INFORMED OF ITS LOAN PRODUCTS AND OTHER SERVICES
- NORTHWEST ACCESS FUND WILL PARTICIPATE IN RELEVANT COMMUNITY AND AGENCY SPONSORED EVENTS THROUGHOUT THE STATE

#### **REACHING DIVERSE COMMUNITIES**

- NORTHWEST ACCESS FUND WILL DEVELOP A 'MARKETING & OUTREACH PLAN' THAT INCLUDES MEDIA COMPONENTS DESIGNED TO INFORM THE GENERAL PUBLIC ABOUT ITS LOAN PRODUCTS
- NORTHWEST ACCESS FUND'S MARKETING AND OUTREACH CAMPAIGN WILL SPECIFICALLY ADDRESS COST-EFFECTIVE WAYS TO REACH OUT TO:
  - SENIORS
  - CULTURALLY DIVERSE COMMUNITIES WITHIN THE STATE INCLUDING DIVERSE ETHNIC AND TRIBAL COMMUNITIES
  - AND NON-ENGLISH SPEAKING COMMUNITIES

## **Attachment C**

### **Credit Memo Format**

**Date Application Was Received:**

#### **APPLICANT INFORMATION**

**Applicant #1:**

**Address:**

**Phone:**

**Applicant #2:**

**Address:**  
**Phone:**  
**AT User:**  
**Functional Limitation:**  
**Age:**  
**Purpose of Loan:**  
**AT Evaluation/Experience:**  
**Loan Amount:**  
**Prospective**  
**Monthly Payments:**  
**Preferred Monthly**  
**Payment:**  
**Other Funding Sources:**

**FINANCIAL INFORMATION**

**Applicant # 1:**  
**Net Monthly Income**  
**Source(s) of Income:**  
**Applicant # 2:**  
**Net Monthly Income**  
**Source(s) of Income:**  
**Total Net Monthly Income:**  
**Net Monthly Expenses:**  
**DOLLARS AVAILABLE**  
**FOR LOAN REPAYMENT**  
**Debt to Income Ratio:**  
**Assets:**  
**Liabilities:**  
**# of People in Household:**  
**Credit Report:**  
**Applicant #1 Score:**  
**Applicant #2 Score:**  
**Financial Analysis:**

**LFM ACTION**

**Date:**  
**Action:**

**LRC ACTION**

**Date:**  
**Term:**  
**Principal:**  
**Fees:**  
**Total Amount Financed:**  
**Monthly Payment:**  
**Collateral:**

## Attachment D

### AT & Telework Microloans

**All NORTHWEST ACCESS FUND loan policies and procedures apply to the Microloan loan product except for the following distinctions:**

1.       **Loan Amounts:** The Microloan loan amounts will be set annually by the Loan Review Committee depending on demand for loan products. The maximum amount for any single Microloan for the Fiscal Year starting October 1, 2016 and ending September 30, 2017 is \$1,500.
2.       **Loan Terms:** The allowable loan term will be up to three years and depend upon the useful life of the items purchased and the borrower's ability to repay.
3.       **Interest Rates:** The interest rate will be set at 5% for the Fiscal Year starting October 1, 2016 and ending September 30, 2017. The Loan Review Committee will review and set the Microloan interest rate annually.
4.       **Final Review of Application:** The Executive Director, Program Director and Assistive Technology Program Manager or Loan Officer will have decision making authority on all Microloan loan applications. At least two people must approve the loan, unless the loan amount is \$500 or less, in which case the Executive Director or the Program Director has decision making authority.

## Attachment E

### Application Review Guidelines

The Program Director or Assistive Technology Program Manager, at their discretion, may opt not to send a loan application to the Loan Review Committee if *any one* of the following circumstances applies:

1. The Financial Information Form reveals that the applicant has no extra money available at the end of the month to make a loan payment.  
**Guidance:** a) Determine if client has potential guarantor or cosignor b) *Refer client to financial management resources and/or grant funding resources as appropriate. Encourage applicant to reapply should their financial situation change. Send a denial letter.*
2. For employment/self-employment loans, the business plan or employment plan are insufficient. Specifically, the applications will be put on hold if the plan submitted is missing a portion that was included on the NORTHWEST ACCESS FUND outline provided.  
**Guidance:** *Make an appointment with the client to work on the business plan/employment plan if possible. If an in-person meeting is not possible, then set up a phone consultation and/or refer the client to local business resources (i.e. Small Business Development Center, Small Business Administration, SCORE, Washington Women's Employment and Education).*
3. The loan application is for significantly less money than the actual price of the item the loan is being used to purchase, and the applicant does not have the additional funds needed in hand or a realistic plan for obtaining such funds.  
**Guidance:** *Keep the application on file and advise the applicant of supplementary funding resources that would be appropriate. Ask the applicant to reapply when the additional funds have been attained. Send a denial letter.*
4. Any portion of the Credit Memo has not been completed because the applicant has not provided adequate information. For example, if the applicant does not have a loan request amount ready because they are not sure what they are going to purchase.  
**Guidance:** *Call or email applicant with list of questions and/or additional information needed. Provide date by which information will be needed in order to consider application at next loan review committee. If individual does not provide information by this date, send a letter indicating the additional information needed and dates of next loan review committee meetings. Keep the application on file until information is provided.*
5. The applicant has a poor credit history reflecting a recent or recurring pattern of unwillingness or inability to pay current obligations and outstanding debt.  
**Guidance:** *Refer applicant to an appropriate financial literacy or credit counseling program. Send a denial letter.*