

Title 20. Public Health and Welfare

Chapter XXIV. Arkansas Rehabilitation Services, Division of Workforce Services, Department of Commerce

Subchapter A. Generally

Part 837. Technology Equipment Revolving Loan Fund Arkansas Assistive Technology Alternative Financing Program Loan Rules

Subpart 1. Generally

20 CAR § 837-101. Purpose.

(a)(1) The Technology Equipment Revolving Loan Fund, hereafter referred to as the Arkansas Assistive Technology Alternative Financing Program (AATAFP), was created by the General Assembly through Acts 1993, No. 384, as amended.

(2) As provided in the act, the AATAFP is governed by the Technology Equipment Revolving Loan Fund Committee.

(b) The committee shall consist of nine (9) members as follows:

- (1) The Director of Arkansas Rehabilitation Services;
- (2) A representative from the banking industry;
- (3) A representative of a disability-related consumer organization;
- (4) A certified public accountant; and
- (5) Five (5) additional citizen members from the state at large.

(c)(1) A minimum of five (5) committee members must be individuals with disabilities.

(2) The citizen members shall be appointed by the Governor.

(3) This part is adopted by the committee pursuant to the powers conferred upon it in Section 6 through Section 8 of the act.

(4) In case of conflict between the provisions of this part and the provisions of the act, the provisions of the act shall take precedence over the provisions of this part.

(d) 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:

- (1) Independence;
- (2) Productivity; and
- (3) Full participation in community.

(e) Expenditures from the AATAFP may include, but are not limited to:

- (1) Communications devices;
- (2) Prostheses;
- (3) Wheelchairs;
- (4) Wheelchair car lifts;
- (5) Ramps;
- (6) Roll-in showers;
- (7) Telecommunication devices for persons who are deaf or hearing impaired;

and

(8) Devices that allow persons who are blind or visually impaired to discern printed material.

(f) 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.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-102. Definitions.

As used in this part:

- (1) "AATAFP" means the Arkansas Assistive Technology Alternative Financing Program;
- (2) "Applicant" means the individual submitting an application;
- (3) "ARS" means the Arkansas Rehabilitation Services of the Division of Workforce Services of the Department of Commerce;
- (4) "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 (1) or more of the major life activities for an individual with a disability;

(5)(A) "Assistive technology services" assist an individual with a disability in selecting, purchasing, or learning to use assistive technology equipment.

(B) Such services include:

(i) 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;

(ii) Purchase, leasing, or other provisions for the acquisition of assistive technology equipment by individuals with disabilities;

(iii) Selection, design, customization, maintenance, and replacement of assistive technology equipment; and

(iv) Training, assessment, or technical assistance to support individuals with disabilities, or, if appropriate, family members, guardians, advocates, or other authorized representatives;

(6)(A) "Borrower" means any Arkansas resident with a disability and his or her family members, guardians, advocates, or authorized representatives who are also residents of Arkansas.

(B) The borrower must use the loan to purchase assistive technology or services on behalf of an Arkansas resident with a disability.

(C) That person must have demonstrated:

(i) That the loan will be used to acquire assistive technology to help one (1) or more persons with disabilities to improve their independence or become more productive members of the community; and

(ii) Ability to repay the loan;

(7) "Committee" means the Technology Equipment Revolving Loan Fund Committee;

(8) "Contract" or "interagency agreement" means a document that outlines the responsibilities of Arkansas Rehabilitation Services to administer the alternative loan program and loan funds;

(9) "Disability" means any physical or mental impairment that substantially limits one (1) or more major life activities;

(10) "Individual" means any person with a disability who will benefit from assistive technology or family member or primary caregiver to the individual with a disability;

(11) "Insurable property" means purchased or modified assistive technology equipment at a value rate as established by the Technology Equipment Revolving Loan Fund Committee;

(12) "Loan" means funds disbursed from the Arkansas Assistive Technology Alternative Financing Program Loan Fund for the purchase of assistive technology equipment or services and associated costs;

(13) "Loan fund" means the permanent and perpetual fund consisting of:

(A) Such moneys as may be appropriated by the General Assembly;

(B) Gifts;

(C) Bequests;

(D) Endowments;

(E) Federal grants;

(F) Receipts by the fund from loans made by it;

(G) Investment income; or

(H) Other public or private funds;

(14) "Program" means the Arkansas Assistive Technology Alternative Financing Program; and

(15) "Resident" means a person domiciled within the State of Arkansas at the time of application.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-103. Programs.

(a)(1) The Arkansas Assistive Technology Alternative Financing Program has developed loan programs to meet:

(A) The needs of its customers; and

(B) Its fiduciary and legal responsibilities as codified in Arkansas Code § 20-79-301.

(2) These programs include:

(A) Low-interest and guaranteed loans made through a financial partner;
and

(B) Direct loans made by the AATAFP.

(3)(A) The Technology Equipment Revolving Loan Fund Committee may delegate to a loan subcommittee the authority to review and approve or deny loan applications.

(B) Decisions made by the committee must be:

(i) In accordance with established criteria; and

(ii) Ratified by the committee at its next regular meeting.

(b) Administration.

(1) Arkansas Rehabilitation Services and the committee shall have the authority to administer the provision of Title III Alternative Financing Mechanisms of the Assistive Technology Act of 1998, Pub. L. No. 105-394.

(2)(A) The committee will approve AATAFP guidelines and procedures.

(B) Arkansas Rehabilitation Services will designate staff to coordinate committee functions and other administrative tasks.

(C) Duties of staff include, but are not limited to:

(i) Coordination, development, and promulgation of rules and procedures;

(ii) Application intake;

(iii) Certification of an individual's disability;

(iv) Determination of the appropriateness of the equipment or service requested; and

(v) Coordination of marketing and reporting.

(D) Arkansas Rehabilitation Services staff will serve as liaison to the committee.

(3) The committee will approve and authorize any contract or interagency agreement that delineates responsibilities of Arkansas Rehabilitation Services as relates to the operation of the AATAFP.

(4) The Arkansas Rehabilitation Services staff shall provide reports to the committee as requested.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-104. Loan fund administration.

(a) Arkansas Rehabilitation Services 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)(1) The loan fund shall maintain a minimum balance as determined by the Technology Equipment Revolving Loan Fund Committee.

(2) The balance will serve as a financial reserve.

(3) Any authorization to expend funds from the reserves must be approved by the committee.

(d) Arkansas Rehabilitation Services shall report as outlined in the interagency agreement or contract to the committee regarding the balance and activities of the loan fund.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-105. Fair lending guides.

(a) 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.

(b)(1) Credit criteria will be applied equitably and fairly to all applicants without regard to:

- (A) Race;
- (B) Gender;
- (C) National origin;
- (D) Color;
- (E) Marital status;
- (F) Religion;
- (G) Age;
- (H) Disability; or
- (I) Any factor other than sound lending and credit practices.

(2) All borrowers must be legally able to enter into a binding contract with Arkansas Rehabilitation Services.

(c) The AATAFP will guarantee loans only to Arkansans with disabilities and their family members within the state of Arkansas who:

(1) Meet the Technology Equipment Revolving Loan Fund Committee standards of being creditworthy; and

(2) Demonstrate the ability to repay the loan.

(d)(1) The AATAFP does not disclose any nonpublic personal information about its customers or former customers to anyone except as permitted by law.

(2) In addition, the AATAFP maintains physical, electronic, and procedural safeguards complying with federal regulations to guard the nonpublic personal information.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-106. Credit criteria guide — Consumer.

(a)(1) While the Technology Equipment Revolving Loan Fund Committee has flexible loan criteria, there must be a reasonable expectation that the borrower will repay the loan.

(2) Loan applicants must demonstrate patterns of stability such as:

- (A) Type of residence;
- (B) Length of time at residence;
- (C) Length of time at present job; and
- (D) Credit history.

(3) An applicant with a poor credit history will be required to present evidence that he or she is addressing the issue by:

- (A) Reducing his or her current debt ratio;
- (B) Assuring cash flow is sufficient for living expenses and loans; and
- (C) Making written arrangements with borrowers.

(b)(1) The two (2) most important criteria for an AATAFP loan are:

- (A) Credit history; and
- (B) Capacity to repay.

(2) An application will be declined if the applicant exhibits a pattern of adverse credit that cannot be adequately explained and is not being addressed.

(3) 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.

(c)(1) The committee will not provide loans for terms that exceed the amortized value or the general life expectancy of the equipment.

(2) While the committee may make exceptions for individuals who can prove their ability to repay, a fifty percent (50%) debt-to-income ratio (including the monthly AATAFP loan payment) is required for loan approvals.

(3) Applicants who do not meet that requirement may provide a qualified coapplicant.

(d)(1) 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.

(2) Individuals having unacceptable credit may provide a qualified coapplicant.

(3) 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.

(4) The committee will also deny individuals who do not exhibit financial or personal stability.

Authority. Arkansas Code § 20-79-303.

Subpart 2. Product Profiles

20 CAR § 837-201. 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.

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

Authority. Arkansas Code § 20-79-303.

Subpart 3. Underwriting and Procedures

20 CAR § 837-301. Eligibility.

(a)(1) Applicant must be an Arkansas resident with a disability, and his or her family members, guardians, advocates, or authorized representatives who are also residents of Arkansas.

(2) 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 (1) or more major life activities.

(3) Eligibility for individuals with temporary disabilities will be determined by the Technology Equipment Revolving Loan Fund Committee on a case-by-case basis.

(b) Supporting documentation required by Arkansas Rehabilitation Services and the lending institution must be provided.

(c) Arkansas Rehabilitation Services or the revolving loan fund subcommittee may determine an applicant is ineligible for the program when the applicant:

- (1) Has defaulted on a previous loan made through the program;
- (2) Violates any provisions of the program; or
- (3) 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 Arkansas Rehabilitation Services staff.

(e) Loans shall not be made for the purpose of refinancing any existing loan, unless approved by the committee.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-302. Application process.

(a)(1) Applicants will receive application packets from:

- (A) The Arkansas Rehabilitation Services field office or internet site; or
- (B) An AATAFP office.

- (2) Application packets will contain all forms required for application, including:
 - (A) An AATAFP loan application and instructions; and
 - (B) A documentation checklist.

(b)(1) The AATAFP will request:

- (A) Proof of disability;
- (B) Proof of income; and
- (C) A check, cashier's check, or money order for the credit check

processing fee.

(2) The Technology Equipment Revolving Loan Fund 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.

(c)(1) Upon receipt of the completed loan application packet, the AATAFP will prepare a credit and/or loan memo summary to the loan subcommittee for evaluation.

(2) The loan subcommittee will make its loan decision based on credit criteria established by the AATAFP and information obtained by the AATAFP.

(3) If the application is approved, the AATAFP will transmit the loan closing documents to the applicant.

(4) An applicant whose application is rejected will be notified in writing.

(d) If an application is incomplete, the applicant may be required to provide:

- (1) Proof of additional income;
- (2) Proof of disability; or
- (3) Proof that the requested technology meets program criteria for assistive

technology.

Authority. Arkansas Code § 20-79-303.

**20 CAR § 837-303. Direct loans — Consumer underwriting guidelines —
Product summary.**

(a)(1) The amount of a loan shall cover the reasonable cost of the assistive equipment and services, as indicated by materials submitted with the applications.

(2) Loan applications up to eight thousand dollars (\$8,000) will be evaluated and approved by the AATAFP Executive Director.

(3) Loan applications between eight thousand dollars (\$8,000) and fifty thousand dollars (\$50,000) will be evaluated and approved by the loan subcommittee.

(4) Loans will be booked and serviced by the AATAFP in accordance with established criteria and procedures.

(5) Terms shall not exceed twenty (20) years.

(b)(1) The Technology Equipment Revolving Loan Fund Committee shall establish the loan interest rate parameters.

(2) Interest rates in effect at the time an application is received by Arkansas Rehabilitation Services are fixed for the term of the loan.

(c) Arkansas Rehabilitation Services may inspect equipment or review proposed services or modifications to ensure they meet assistive technology requirements.

(d) Arkansas Rehabilitation Services will coordinate the filing of documents required to provide Arkansas Rehabilitation Services a security interest in:

(1) Items purchased or modified with AATAFP funds through deeds of trust;

(2) Liens on titled vehicles; and

(3) Uniform Commercial Code, Arkansas Code § 4-9-101 et seq., filings for collateral.

(e)(1) A borrower must request permission from the committee and notify Arkansas Rehabilitation Services if collateral will be relocated to and/or registered in a state other than Arkansas.

(2) Uniform Commercial Code filings will be required for the additional state at the borrower's expense.

(3)(A) The borrower must obtain two (2) bids from licensed contractors when requesting a loan of more than five thousand dollars (\$5,000) for home modifications.

(B) Bidding contractors must:

(i) Document home construction work performed; and

(ii) Provide a firm turnkey price in the bid.

(f) Arkansas Rehabilitation Services or the committee may require additional information and charges on all loans secured by mortgages on real property.

(g) There will be no prepayment penalty on AATAFP loans.

(h) A loan is considered delinquent or in default according to the criteria set forth in the loan document.

(i) Borrowers will be assessed late payment and insufficient check fees as established by the committee.

(j) Loan applicants must demonstrate awareness of what training and maintenance is available for the technology being requested.

(k) Loans will not be provided for terms exceeding the amortized value or general life expectancy of the equipment.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-304. Direct loans — Credit criteria guidelines.

(a) Beacon Score.

(1) A Beacon Score of five hundred fifty (550) or greater is required.

(2) A Beacon Score of five hundred fifty (550) or greater is acceptable if the:

(i) Related credit issues were disability related; and

(ii) Applicant or applicants have since:

(a) Demonstrated the ability to meet their credit obligations; or

(b) Initiated the process to meet the credit obligations.

(2) If the application is a joint request, the higher bureau score will be used.

(b) Credit history requirements.

(1) 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.

(2)(A) A loan applicant with a bankruptcy and/or public records documenting unpaid collections and judgments within the last two (2) 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.

(B) An applicant with a bankruptcy or unpaid collections and judgments must demonstrate/show a reestablished credit history and evidence of the ability to meet credit obligations.

(3) Additional documentation may be requested to verify whether the applicant or applicants have paid outstanding balances on:

- (A) Delinquent loans;
- (B) Unpaid collections/judgments; or
- (C) Defaulted loans.

(4) Additional credit history documentation may be requested.

(5) Loans will not be made to applicants who have previously defaulted on a loan to AATAFP.

(c) Debt-to-income ratio.

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

(2) Individuals approved for special funding (such as a Plan to Achieve Self-Support (PASS) through the Social Security Administration or a MAP-122 Adjustment through DMAS) will be considered without regard to their debt-to-income ratio.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-305. Direct loans — Covenants of borrower.

(a) Applicants must have adequate and reliable income to meet their credit obligations (including the new loan payment).

(b) 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.

(c) The borrower agrees not to convey, lease, or transfer any collateral for the loan without the prior written consent of Arkansas Rehabilitation Services or the Technology Equipment Revolving Loan Fund Committee.

(d) The borrower will pay, when due, all taxes or charges assessed against any collateral and shall provide proof of payment to Arkansas Rehabilitation Services.

(e)(1) Property used as collateral to secure the loan shall be insured at an amount determined adequate by the committee, and the borrower shall maintain the collateral in good condition.

(2) The borrower will repay any advances or expenses necessary to protect the collateral or enforce the rights of Arkansas Rehabilitation Services against the borrower or the collateral.

(f)(1) The borrower will not materially alter or relocate collateral without the prior written approval of and notification to Arkansas Rehabilitation Services.

(2) Notification of such will be provided to the committee.

(g) The borrower will comply with such other covenants as the committee may impose or establish.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-306. Treatment of debt.

(a) A current credit bureau report on the loan applicant will be used by the loan subcommittee and Technology Equipment Revolving Loan Fund Committee to assess the applicant's willingness and ability to repay.

(b) 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:

(1) **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 the credit bureau report;

(2) **R – Equity revolving lines of credit.** On revolving accounts that are secured with home equity, payments will be calculated using one and one-half percent (1.5%) of the outstanding balance;

(3) **O – Open accounts (American Express, Diners Club).**

(A) Accounts that are due and payable in full each month will not be included in the debt-to-income ratio regardless of the balance.

(B) An open account may also include a debt that is not in repayment status, such as some student loans; and

(4) **I – Installment loans.** If an installment debt shows four (4) months or fewer payments remaining, the payment will not be included in the D/I ratio.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-307. Treatment of income.

(a)(1) All wages, salary, commissions, interest, pensions, and other sources of financial support, paid or in kind including Supplemental Security Income, Social Security Disability Insurance, and retirement benefits shall be considered as income.

(2) The adjusted gross income (AGI) includes nontaxable income made equivalent to taxable income by multiplying the taxable income by twenty-five hundredths (0.25).

(b) **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.

(c) **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

(d) **Rental property income.**

(1) Rental property income will be calculated using the following formula:

Gross monthly rent – monthly mortgage payment = net amount

(2) **Note.** The formula does not apply if the monthly mortgage payment is for the applicant's primary residence.

(3) The net amount will be entered as debt or income.

(4) Neither the gross rent nor the mortgage payment will be used in the debt-to-income calculation.

(e) **Self-employment income.**

(1) The income of self-employed individuals will be determined from federal tax returns and schedules.

(2) Generally self-employment income can be calculated by taking the net income figure from the various schedules and adding back any noncash expenses, i.e., depreciation, but other issues such as the stability and sustainability of the income will be considered.

(f) **Nontaxable income.**

(1) The following types of income will be grossed up to adjust for the nontaxable status prior to calculating the debt-to-income ratio:

(A) Social Security Disability Insurance;

(B) Public assistance (excluding unemployment); and

(C) Tax-free interest income.

(2) 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)

(g) **Investment income.**

(1) Investment income will be determined by averaging the two most recent years' income.

(2)(A) Interest and dividend income may be considered ongoing income.

(B) However, capital gains will be treated as a one-time income opportunity.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-308. Loan subcommittee.

(a) The Technology Equipment Revolving Loan Fund Committee has delegated authority to the loan subcommittee to recommend approval or denial of loan applications in accordance with credit criteria established by the committee.

(b) All loan decisions approved by the Director of Arkansas Rehabilitation Services will be:

- (1) Considered final; and
- (2) Ratified by the committee at its next regular meeting.

(c) The structure of the loan subcommittee is as follows:

- (1) The loan subcommittee will meet to evaluate loan requests;
- (2) The loan subcommittee will consist of five (5) members with a quorum of three (3) members;
- (3) No committee member and loan subcommittee 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;
- (4) The Executive Director of the AATAFP will recommend approval of loans up to eight thousand dollars (\$8,000);
- (5) The executive director will:
 - (A) Prepare the loan summary sheet for each pending application; and
 - (B) Present the loan to the committee at the meeting;
- (6) Loan subcommittee members will discuss the application and then vote to recommend approval, denial, or request additional information;
- (7) Approvals or denials made outside of AATAFP credit policy require documentation of exceptional circumstances;
- (8) Appeals will be heard by the committee; and
- (9) A summary of loan decisions since the previous loan subcommittee meeting will be provided to the committee for ratification at its next scheduled meeting.

Authority. Arkansas Code § 20-79-303.

Subpart 4. Credit and Collateral Documentation

20 CAR § 837-401. Credit and collateral documentation — Consumer loans.

(a) The following documents are used for consumer loans:

- (1) AATAFP direct loan application;
- (2) Credit report;
- (3) Supporting documents (proof of income, disability, and identity) and AATAFP checklist;
- (4) Loan data summary;
- (5) Loan amortization schedule;
- (6) Promissory note and security agreement;
- (7) Notification of approval/denial;
- (8) Disbursement letter; and
- (9) If vehicle, notice of insurance requirements and title of vehicle with AATAFP as lienholder.

(b) Copies of each document should be held on file in the AATAFP office.

Authority. Arkansas Code § 20-79-303.

Subpart 5. Loan Closing Process

20 CAR § 837-501. Payment of loan proceeds.

(a) Arkansas Rehabilitation Services will disburse loan funds directly to the provider of equipment or service.

(b) Arkansas Rehabilitation Services requires an invoice, statement, or other documentation for all items purchased with loan funds.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-502. Appeals process.

(a) If Arkansas Rehabilitation Services denies an application, the applicant may make a request for reconsideration of the application within the timeframe outlined by the Technology Equipment Revolving Loan Fund Committee.

(b) Initial appeal requests should be made in writing and directed to the person at the address provided in the denial letter.

(c)(1) If the situation is not resolved to the applicant's satisfaction, the applicant has the right to appeal to the committee.

(2) Within twenty (20) business days of receiving Arkansas Rehabilitation Services' response, the applicant may request a review by the committee.

(3) 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)(1) Designated Arkansas Rehabilitation Services staff will participate in the meeting.

(2) The committee may approve the hearing to be held by teleconference.

(3) When the hearing is conducted by teleconference, at least one (1) 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; and

(3) Inform the applicant of its decision at the meeting or within the timeframe outlined in the procedures.

(g)(1) The committee will vote on one (1) of the following courses of action:

(A) Support the appeal of the applicant;

(B) Offer an alternative such as approval for a lesser amount;

- (C) Grant approval with conditions; or
- (D) Deny the appeal.

(2) 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.

Authority. Arkansas Code § 20-79-303.

Subpart 6. Loan Administration

20 CAR § 837-601. Loan administration.

(a) All loan servicing and administration will be the responsibility of Arkansas Rehabilitation Services and/or its assignee.

(b) Arkansas Rehabilitation Services will:

- (1) Prepare loan documentation after the loan application has been approved;
- (2) Be responsible for loan closings; and
- (3) Service loans according to the interagency agreement including borrower notification of collection timeframes and default consequences.

(c)(1) If the borrower goes into default for more than thirty (30) days, Arkansas Rehabilitation Services shall take action as specified in law and the loan documents.

(2) Arkansas Rehabilitation Services 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; and

(B) The impact of debt collection on the borrower.

(d) Arkansas Rehabilitation Services may review requests from borrowers to modify the terms of loan repayments and submit such requests to the Technology Equipment Revolving Loan Fund Committee.

(e) The committee may consider a request for modification of loan terms or conditions for certain conditions including but not limited to:

- (1) Medical/physical change;
- (2) Compounding disability;
- (3) Change in employment status; and
- (4) Injury on the job.

(f)(1) Arkansas Rehabilitation Services will demonstrate a process of reasonable and timely interventions to keep the loan active.

(2) The committee may authorize Arkansas Rehabilitation Services to reclaim the equipment or discharge the debt in accordance with the State of Arkansas debt abatement procedures.

(3) In the event the borrower dies and there is not a viable option to pay off the loan, the committee may:

- (A) Discharge the debt; and
- (B) Donate the equipment to an Arkansas Rehabilitation Services assistive technology program.

(g) Arkansas Rehabilitation Services will apply payments or other moneys 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.

Authority. Arkansas Code § 20-79-303.

Subpart 7. Loan Collection — Collection Policies

20 CAR § 837-701. Extensions.

(a)(1) The term of the loan may be extended for a specified number of months to allow a borrower to defer the normal monthly payment or payments.

(2) Interest continues to accrue on the loan, and the loan payments missed are not considered past due or reported as delinquent.

(b)(1) Borrowers are contacted when a payment becomes thirty (30) days past due.

(2) Extensions may be granted for unusual circumstances such as:

- (A) Medical issues;
- (B) Change of residence; or
- (C) Unemployment.

(3) Borrowers requesting an extension should be able to resume their payments after the extension period.

(4) Extensions are discouraged for borrowers who:

- (A) Are overextended financially and unable to make payments; or
- (B) Will not be able to resume their monthly payments when the

extension period ends.

(c) Extensions.

(1) No extensions during the first three (3) months of the loan.

(2) No more than two (2) extensions during the original loan period except in extraordinary circumstances.

(3) Loan extensions up to three (3) months will be approved by the Executive Director.

(d)(1) In certain extraordinary situations, the loan subcommittee may consider extensions for longer than three (3) months or more than two (2) extensions during the original loan period.

(2) All extensions approved by the Executive Director or loan subcommittee will be reported to the Technology Equipment Revolving Loan Fund Committee at the next regularly scheduled committee meeting.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-702. Abatements — Charge-offs.

(a)(1) Accounts that are more than one hundred eighty (180) days delinquent will be referred to the Technology Equipment Revolving Loan Fund Committee for recommendation to charge off the loan within thirty (30) days after the account has been delinquent for one hundred eighty (180) consecutive days.

(2) Committee recommendations for charge off will be forwarded to the Chief Fiscal Officer of the State for adjudication.

(3)(A) Exceptions to charge-offs:

(i) The customer is making payments in accordance with an agreement reached with the collections agency or AATAFP Executive Director;

(ii) The customer has accident and health claims pending or payments forthcoming;

(iii) The collateral securing the loan has been repossessed and liquidation is scheduled within ninety (90) days of the account becoming one hundred eighty (180) days delinquent; and

(iv) The account is still in the first one hundred eighty (180) days of delinquency.

(B) The committee will review and forward any recommendations for exceptions to these parameters to the Chief Fiscal Officer of the State for adjudication.

(b)(1) Accounts of borrowers who have declared bankruptcy will be recommended for charge off to the Chief Fiscal Officer of the State within ninety (90) days of receipt of the bankruptcy notice.

(2) Exceptions to charge-offs for borrowers declaring bankruptcy:

(A) 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; and

(C) The account is being paid outside the plan (Chapter 13 status).

(3) The committee will review and forward any recommendations for exceptions to these parameters to the Chief Fiscal Officer of the State for adjudication.

(c)(1) Accounts of deceased borrowers will be recommended for charge off to the Chief Fiscal Officer of the State within ninety (90) days of the receipt of death certificate.

(2) Exceptions to charge-offs for deceased borrowers:

(A) The executor or administrator or individual legally responsible for the estate has indicated life insurance benefits will be forthcoming prior to the account becoming one hundred eighty (180) days past due;

(B) Payment arrangements have been made by the:

- (i) Maker;
- (ii) Comaker; or
- (iii) Endorser; and

(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 one hundred twenty (120) days.

(3) The committee will review and forward any recommendations for exceptions to these parameters to the Chief Fiscal Officer of the State for adjudication.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-703. Loan discharge.

The Technology Equipment Revolving Loan Fund Committee may recommend to the Chief Fiscal Officer of the State that a loan be discharged for the following reasons:

- (1) Medical/physical issues;
- (2) Compounding disability; or
- (3) Change in employment status.

Authority. Arkansas Code § 20-79-303.

20 CAR § 837-704. Repossessions.

(a) AATAFP will evaluate delinquent auto loans for potential repossession when the account reaches one hundred twenty (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.

(b) Prior to repossession, AATAFP will review the account to:

(1) Ensure there has been diligent collection activity in accordance with the collection procedure manual;

(2) Evaluate the potential value of the repossession and liquidation sale compared to the expense incurred to AATAFP;

(3) Determine if the reasons for nonpayment warrant an exception for loan modifications or discharge of debt; and

(4) Determine if the repossession process should proceed.

Authority. Arkansas Code § 20-79-303.

Subpart 8. Confidentiality

20 CAR § 837-801. Confidentiality.

(a) Arkansas Rehabilitation Services is responsible for:

(1) Complying with the legal requirements to protect the confidential nature of information in individual files, including all personally identifiable information contained in:

(A) Reports;

(B) Lists; and

(C) Other paper or electronic documents; and

(2) Prohibiting unauthorized access to them.

(b) 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. § 552a.

Authority. Arkansas Code § 20-79-303.