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**Technology
Equipment
Revolving
Loan
Fund**

RULES

**Increasing Capabilities Access Network
Arkansas Rehabilitation Services
Arkansas Department of Workforce Development**

**THE ARKANSAS
"TECHNOLOGY EQUIPMENT REVOLVING LOAN FUND"
Established by Act 384 of 1993
Funded by Act 579 of 1995**

SUMMARY

These regulations establish the procedures and standards applicable to the "Technology Equipment Revolving Loan Fund" as enacted in Arkansas by Act 384 of 1993 and Act 579 of 1995.

1. Definitions

- A. **"The Acts"** refers to Arkansas Act 384 of 1993 and Act 579 of 1995.
- B. **"Assistive Technology/Adaptive Equipment"** stands for any item, off the shelf, modified, or customized, that is used to increase, maintain, or provides a greater level of functioning in one or more of the major life activities of the individual with a disability.
- C. **"Applicant"** stands for any individual, organization or entity which submits an application for a loan.
- D. **"ICAN"** stands for Increasing Capabilities Access Network.
- E. **"Financial Service Provider"** stands for traditional financial institutions.
- F. **"Services Provider"** stands for any organization, entity, or individual with which the Technology Equipment Revolving Loan Fund Committee establishes a contract to administer, service and document loans, or the Technology Equipment Revolving Loan Fund Committee when making direct loans or until such time as the Technology Equipment Revolving Loan Fund Committee establishes contracts with an organization, entity, or individual to administer, service and document loans.
- G. **"ARS"** stands for Arkansas Rehabilitation Services.
- H. **"Committee"** stands for the Technology Equipment Revolving Loan Fund Committee outlined in Act 384 of 1993.

- I. **"LFS-C"** stands for the Loan Fund Sub-Committee
- J. **"Loan Fund"** stands for the Technology Equipment Revolving Loan Fund established in Act 384 of 1993.
- K. **"Loan"** stands for a loan from a Financial Service Provider, loan guarantee, loan leveraging or a direct loan, from the Technology Equipment Revolving Loan Fund or other entity(s) in which the Technology Equipment Revolving Loan Fund is liable for part or all of the loan litigation.
- L. **"Loan Commitment"** stands for a letter from the Technology Equipment Revolving Loan Fund Committee or Services Provider to an applicant agreeing to make a loan subject to terms, conditions and requirements stated therein.
- M. **"Note"** stands for a written agreement between the Service Provider, acting as agent for the Technology Equipment Revolving Loan Fund Committee, wherein the qualified borrower promises to repay the loan according to the specified terms and conditions.
- N. **"Contract"** stands for any contract between the Technology Equipment Revolving Loan Fund Committee and any appropriate state agency or instrumentality or community based group(s) dealing with persons with disabilities.
- O. **"Administrative Contract"** stands for a contract between the ARS and the Service Provider to administer the Program.
- P. **"Program"** stands for the Technology Equipment Revolving Loan Fund Program.
- Q. **"Qualified Borrower"** stands for an individual or entity which meets the eligibility requirements set forth in this regulation.
- R. **"Disability"** stands for any physical or mental impairment which substantially limits one or more major life activities.
- S. **"Individual"** stands for an individual with a disability who will benefit from the adaptive equipment or an individual who is a family member or primary care giver to the individual with a disability.
- T. **"Business"** stands for any borrower other than an individual including, but not limited to for-profit and not-for profit entities.

- U. "Related Service"** refers to assistive technology service which means any service that directly assists an individual with a disability in the selection, acquisition, or use of an assistive technology device. Such term includes:
1. purchasing, or otherwise providing for the acquisition of assistive technology devices by individuals with disabilities;
 2. selecting, designing, fitting, customizing, adapting, applying, maintaining, repairing or replacing of assistive technology devices
- T. "Provider"** refers to an entity that offers "Related Services" as defined in Definition "U".

2. Administration

- A.** ARS and the Committee shall have the authority to administer the provision of Act 384 of 1993 and Act 579 of 1995.
- B.** The ARS may enter into administrative contracts with one or more responsible entities, to perform the administrative functions necessary for the conduct of the Program. Without limitation, the contract may include development of rules, procedures, documentation, reporting, loan underwriting, publicity, analysis and recommendations with respect to applications received. The contract(s) may provide for compensation of reasonable expenses of services rendered.
- C.** ARS and the LFS-C shall attempt to achieve a minimum of 75% of all loan funds to be comprised of loans to individuals, which include family members and principal care givers of individuals with a disability; and, that a maximum up to 25% of all loan funds be comprised of loans to businesses, whether they are for profit or not for profit entities.

3. Loan Fund Administration

- A.** ARS shall maintain and invest the Loan Fund as provided

in the Acts and shall report monthly to the Committee regarding the balance of the Loan Fund.

- B. The Loan Fund shall grow from interest on investments, appropriations, interest on loan payments, grants, endowments and gifts. The Loan Fund shall be used to make Loans and cover costs and expenses associated with maintaining, servicing and administering the Loan Fund.
- C. ARS/ICAN will pay all staff time and Committee expenses as stated in the Acts. Upon dissolution of ICAN, ARS will pay these expenses.

4. Eligibility

- A. The applicant must be an individual or business which demonstrates that the loan will assist one or more persons with disabilities to improve their independence or become more productive members of the community.
- B. Loan proceeds must be used for the purchase of assistive technology/adaptive equipment and which will:
 - 1. Assist one or more persons with disabilities to improve their independence; or,
 - 2. Assist one or more persons with disabilities to improve their quality of life; or,
 - 3. Assist one or more persons with disabilities to become more productive members of the community.
- C. An applicant may have previously received a Loan from the Loan Fund and may apply for a second loan if the amount outstanding plus the amount of additional assistance sought does not exceed the maximum loan limits.
- D. An applicant who has previously been rejected for a Loan from the Loan Fund may not reapply unless the new application is a significant change from the rejected application.
- E. Committee members may apply for and receive a Loan, provided they meet all other eligibility requirements and do

not participate in Committee decisions regarding their loan as stated in 7(B) of this regulation.

5. Application and Process

A. Application - Direct loans to Individuals

Applicant:

1. May be required to provide certification of disability and that the applicant meets all eligibility requirements.
2. Must complete the appropriate Credit Application forms.
3. Must complete the appropriate Information Application form.
4. Must include \$10.00 (non-refundable) with their application. Applications without the \$10.00 will be returned or applicant will be notified that their application may not be processed until the \$10.00 is paid.
5. Must provide any additional information requested by ICAN's staff or the LFS-C.

B. Process - Direct loans to Individual(s):

1. ICAN's staff will evaluate the applicants financial status to determine whether or not the applicant might qualify for a loan. If ICAN's staff determines that the applicants financial status might qualify for a loan, the application is referred to the LFS-C for consideration.
2. Qualified application's will be reviewed by the LFS-C.
3. ICAN's staff will notify the applicant in writing if the loan request is approved.
4. ICAN's staff will notify the applicant in writing if the loan request was not approved.

C. Application - Direct loans to Business
(for profit or not for profit entity):

Applicant:

1. May be required to provide certification of disability and that the applicant meets all eligibility requirements.
2. Must provide evidence that the business will provide a 100% cash match for the purchase of assistive technology adaptive equipment and related services. The Committee can waive or lower the 100% cash match.
3. Must provide current financial statements and/or current tax returns. The LFS-C may require prior years financial statements and/or tax returns.
4. If it is a corporation, it must provide evidence of corporate good standing.
5. Must complete the appropriate Credit Application form.
6. Must complete the appropriate Information Application form.
7. Must include \$10.00 (non-refundable) with their application. Applications without the \$10.00 will be returned or applicant will be notified that their application may not be processed until the \$10.00 is paid.
8. Must provide any additional information requested by ICAN's staff or the LFS-C.

D. Process - Direct Loans to Businesses
(For profit and not for profit)

1. ICAN's staff will evaluate the applicants financial status to determine whether or not the applicant might qualify for a loan. If ICAN's staff determines that the applicants financial status might qualify for a

loan, the application is referred to the LFS-C for consideration. . .

2. Qualified application's will be reviewed by the LFS-C.
3. ICAN's staff will notify the applicant in writing if the loan request is approved.
4. ICAN's staff will notify the applicant in writing if the loan request was not approved.

E. Application - Financial Service Provider participation loans to Individuals

Applicant:

1. May be required to provide certification of disability and that the applicant meets all eligibility requirements.
2. Must complete the appropriate Credit Application forms.
3. Must complete the appropriate Information Application form.
4. Must include \$10.00 (non-refundable) with their application. Applications without the \$10.00 will be returned or applicant will be notified that their application may not be processed until the \$10.00 is paid.
5. Must provide any additional information requested by ICAN's staff and/or the Financial Service Provider.

F. Process - Financial Service Provider participation loans to Individuals

1. ICAN's staff will evaluate the applicants financial status to determine whether or not the applicant might qualify for a loan. If ICAN's staff determines that the applicants financial status might qualify for a loan, the application is referred to the Financial Service Provider for consideration.

2. Qualified application's will be reviewed by the Financial Service Provider.
3. The Financial Service Provider will notify the applicant if the loan request was approved.
4. The Financial Service Provider will notify the applicant if the loan request was not approved. The decision of the Financial Service Provider will be final.

G. Application - Financial Service Provide participation loans to Business (for profit or not for profit entity):

Applicant:

1. May be required to provide certification of disability and that the applicant meets all eligibility requirements
2. Must provide evidence that the business will provide a 100% cash match for the purchase of assistive technology adaptive equipment and related services. The Committee can waive or lower the 100% cash match.
3. Must provide current financial statements and/or current tax returns. The LFS-C may require prior years financial statements and/or tax returns.
4. If it is a corporation, it must provide evidence of corporate good standing.
5. Must complete the appropriate Credit Application form.
6. Must complete the appropriate Information Application form.
7. Must include \$10.00 (non-refundable) with their application. Applications without the \$10.00 will be returned or applicant will be notified that their application will not be processed until the \$10.00 is paid.

8. Must provide any additional information requested by ICAN's staff and/or the Financial Service Provider.

H. Process - Financial Service Provider participation loans to Businesses

1. ICAN's staff will evaluate the applicant's financial status to determine whether or not the applicant might qualify for a loan. If ICAN's staff determines that the applicant's financial status might qualify for a loan, the application is referred to the Financial Service Provider for consideration.
2. Qualified applications will be reviewed by the Financial Service Provider.
3. The Financial Service Provider will notify the applicant if the loan request was approved.
4. The Financial Service Provider will notify the applicant if the loan request was not approved. The decision of the Financial Service Provider will be final.

I. The Financial Services Provider shall consider the following in determining whether to grant the loan:

1. Whether the application is complete and the applicant has supplied all information necessary for financial review and analysis of the application.

Whether and when an application is complete shall be determined in the sole discretion of the Financial Services Provider, whose decision shall be final.

2. The applicant's ability to repay the loan.
3. The adequacy of security provided for the loan.

6. Requests for Reconsideration

In the event that the application is rejected, the applicant may make a request for reconsideration of the application to the

Committee. Requests should be directed to the chairperson of the Committee or his designee, stating why the decision should be modified or reversed. A request for reconsideration must be submitted in writing within twenty (20) calendar days of the date of the rejection letter. The reconsideration shall be heard at a meeting of the Committee. The applicant may be present to support the request. The decision of the Committee will be final.

7. Loan Fund Sub-Committee Action.

- A. A quorum of at least 3 of active LFS-C members shall be necessary for LFS-C action.
- B. No LFS-C or Committee member may participate in a vote on an application where that member has a direct or indirect pecuniary interest in the outcome of the vote.

8. Loan Terms and Conditions.

- A. Loans shall be made in an amount which is reasonable to acquire the adaptive equipment or related services as shown by materials submitted with the application. In no event shall any loan be made for less than \$250 or exceed \$10,000.
- B. The loan Interest Rate shall be 50% of the average, rounded to the nearest 25% of the current consumer loan rate as published in the Arkansas Democrat Gazette each Monday, but not less than 4%.
- C. The term of each loan shall be based on the applicant's circumstances and the useful life of the collateral.
- D. The LFS-C may require such collateral as may be available, including, in appropriate cases, a mortgage on real estate, a security agreement in personal property, or personal guarantees. Except as specifically approved by the LFS-C, collateral shall be located within the State, or if mobile, shall be registered within the State, if the State registers such mobile collateral.
- E. The LFS-C may require additional information and charges on all loans secured by a mortgages on real property.

9. Covenants of Borrower.

The borrower will agree to the following terms and conditions in the loan documentation, as may be reasonable and applicable:

- A. The borrower will comply with all applicable planning, zoning, sanitary, building and environmental laws, ordinances and regulations of the federal, state and local governments.
- B. The borrower will agree not to convey, lease or transfer any collateral for the loan without the prior written consent of the LFS-C.
- C. The borrower will expend no portion of the loan directly or indirectly for purposes other than those approved by the LFS-C.
- D. The borrower will pay, when due, all taxes or charges assessed against any collateral.
- E. The borrower will keep insured to the satisfaction of the LFS-C all insurable property securing the loan and will maintain the collateral in good condition and repair.
- F. The borrower will repay any advances or expenses of the Financial Services Provider necessary to protect the collateral or enforce the rights of the ARS against the borrower or the collateral.
- G. The borrower will not materially alter or relocate collateral without the prior written consent of the LFS-C.
- H. The borrower will comply with such other covenants as the board may impose or establish.

10. Use of Loan Proceeds.

ICAN's staff may require a copy of invoices and/or other documents for any and all items purchased from the Loan proceeds, that the check or draft require the signatures of the borrower and/or the Provider or that the check or draft be issued directly to the Provider.

The borrower shall use loan proceeds for the purposes stated in the commitment, and the borrower's rights under the commitment shall not be assignable.

11. Waiver of Rules

The Committee may waive any requirement of this rule, except to the extent that it is mandated by the Acts, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the Program.

12. Loan Administration.

- A. The Financial Services Provider shall prepare checks as directed by the ARS.
- B. A loan is in default when any payment is 30 days past due or upon the occurrence of any event of default as defined in the loan documents.
- C. When a loan is in default, the Financial Services Provider or the Service Provider shall notify the borrower and ICAN's staff that the borrower has 30 days in which to cure the default.
- D. If the borrower fails to cure the default within 30 days, the Financial Services Provider or the Service Provider shall take all appropriate action provided under law and the loan documents. In determining the appropriate action, the Financial Services Provider or the Service Provider shall consider:
 - 1. The recommendation of the LFS-C
 - 2. The impact of enforcement and collection on the borrower
 - 3. The likelihood that the loan will be repaid if a waiver or extension is granted.
- E. The ARS may apply payments or other monies received on loans which are in default first to expenses of collection and preservation of collateral, second to accrued interest, and third to outstanding principal.

- F. In order to protect the integrity of the Loan Fund, the ARS may charge such administration, servicing and document preparation fees as seem reasonable.

13. Confidentiality

Any and all Program materials, applications and supporting information and materials obtained by the LFS-C, Committee and Staff to aid in its provision of financial assistance shall be confidential.

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RULES

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