

## PROFILE OF A NONPROFIT LENDER

### Northwest Access Fund (NWF)

OVERVIEW	NWAF's Assistive Technology (AT) Loan
Amount	Up to \$25,000
Interest Rate	5%
Term	2-60 months
Fees	No fees
Eligibility & Underwriting Criteria	<ul style="list-style-type: none"><li>Must demonstrate an ability and willingness to repay</li><li>No minimum credit score, each applicant's credit history is considered on a case-by-case basis</li><li>Proof of income and identification documentation is required</li><li>If in Chapter 13 bankruptcy, must have authorization from the Court to take on the debt</li><li>In some cases, a cosigner or collateral is required</li></ul>
Loan Loss Reserve	5%
Charge off Rate	2%

### Organizational background and funding

Northwest Access Fund (NWF) is a nonprofit Community Development Financial Institution (CDFI) founded by the [Washington Assistive Technology Act Program \(WATAP\)](#)—the state designated ATAP whose mission is to increase access to AT.<sup>23</sup> Since it started providing loans in 2001, NWF has lent over \$3 million to borrowers in Washington and Oregon. NWF works with anyone with a disability, and its loans have covered AT as common as hearing aids and as rare as hyperbaric chambers. NWF's loan capital comes from the CDFI Fund, financial institutions, foundations, federal grants, and revolved loan payments and 4% of its revenue is from loan interest.

In 2016,  
the average  
loan size was  
**\$4,529**

**50%** of NWF's clients  
used their AT  
for hearing aids

**13%** for a vehicle  
modification

**12%** for computers

**9%** for mobility

**69%** of NWF's clients  
are over 50 years old

**78%** are low-income

**47%** have subprime credit

<sup>23</sup> NWF spun off as a separate entity from WATAP in order to become a certified CDFI.

## Organizational Structure

### *Board Engagement*

NWAF has an active board, the majority of whom have a disability or a family member with a disability. The Board was influential in the loan design process and continues to help evolve the loan policies and procedures as NWAF leverages and learns from its lending experiences.

For example:

- Early on, NWAF offered loans up to \$10,000, but once it obtained additional funding, the board felt comfortable increasing the maximum loan size to \$25,000.
- Similarly, the board initially set the loan loss reserve to 10%, but after reviewing the organization's low charge-off rates over time, decreased the reserve percentage to 5%.
- When considering the loan terms, the board took into account the functional life of the technology, wanting loans to be paid off before the borrower needed new AT (in under five years).
- In addition, NWAF originally used risk-based pricing to determine interest rates. Eventually, through larger conversations about how to prioritize mission and sustainability, the board decided that this type of pricing did not align with their mission and that making a profit is not their primary goal. Now, NWAF charges a flat interest rate of 5%.
- The board also participates in a loan review committee that meets every two weeks to review any applications over \$1,500 (loans under \$500 are approved by the Program Director, and loans between \$500-\$1500 are approved by staff committee). During loan review committee meetings, the board has a chance to weigh the potential impact of any one loan on NWAF's entire portfolio.

### *Staffing*

NWAF has one loan officer who works with borrowers on application, loan closings, and servicing. The officer is able to process all the loans remotely, and primarily works to establish a rapport with borrowers over the phone and through email. In 2016, the officer underwrote approximately 200 loans, conducted loan closing for 102 loans, and in 2017 is servicing 344 active loans. The loan officer does underwriting manually, and writes a credit memo for each application, which can take up to two hours. The approval of small loans can be done quickly, whereas larger loans can take up to two weeks (depending on the timing of the next loan committee meeting). This volume has been relatively steady over the past several years but NWAF has plans to increase outreach and the number of applications, which will necessitate additional staff. NWAF leadership acknowledges that the current workload is pushing the capacity of one staff member to manage.

## Loan Implementation

### *Application and loan determinations*

The majority of NWF's clients are referred through AT vendors of all types including braille, wheelchair, modified van, and audiologists. Once referred, the loan officer will ensure that the applicant has considered other potential resources, if applicable, and that the technology is appropriate for the individual. Every application is done on a case-by-case basis. Borrowers must submit government issued photo identification, and proof of income, such as bank statements, tax returns and/or other financial documentation. In Washington, the applicant's spouse is required to co-sign. NWF also takes into account debt-to-income ratio, current employment or employment history, and does a hard-pull of the applicant's credit report and score. NWF may take collateral on the AT itself or as a lien on a car or home (for risky loans) depending on the type of AT and financial situation.

If a loan is denied, NWF offers options to continue to work with the applicant, when possible, such as financial coaching or asking the individual to prove reliability by showing a record of payments to a savings account for a few months before being considered again for approval.

### *Payments*

Since most borrowers make loan payments electronically, and their payments are due soon after they receive their paycheck or benefits, loan servicing has been relatively low effort, with only a few payment issues. When a borrower falls out of touch, NWF will contact references. Sometimes the borrower is in the hospital or has passed away. NWF tries to be flexible, and if a client requests a temporary payment change due to health or financial issues, they make every effort to work with the client.

### *Other Services*

At this time, NWF is growing its financial capability offerings in order to further integrate financial capability with the provision of AT loans through financial coaches and workshops.