

## Credit Restoration Loan Purpose and Policies 2018

### **Purpose:**

The Circles Credit Restoration (CR) Loan serves to provide a source of low interest financial assistance for Circles participants to achieve debt consolidation, to improve credit scores and/or to access lower interest financing for larger purchases. This is intended to assist Circle Leaders in acquiring needed goods or services that will increase household income or reduce debt so that they can achieve economic stability.

### **Loan Criteria:**

Loans may be used to fund automobiles, automobile repairs, medical expenses not covered by insurance, debt consolidation, payment of credit card debt, entrepreneurial ventures or other uses that lead to stabilization and/or economic improvement. Successful use of the loan will impact one or more of the eleven Circles Orange County Success Metrics (See Attached Pages)\*.

### **Policies:**

The Credit Restoration Loan is a minimum 2-week process from application to fund disbursement. The loan is to be repaid according to the policies and procedures of Seacoast Bank. Repayment of this loan according to Seacoast Bank policies and procedures will positively impact the applicant's credit score; while failure to repay will result in a negative impact.

### **Eligibility:**

1. To be eligible for a loan, applicant must be a Circle Leader in **good standing**. \*\*Circle Leaders from classes 1 and 2 will be eligible to apply for the loan until September 2017. \*\*

**Definition of good standing:** A Circle Leader must have attended at least 75% of the Weekly Meetings for the previous 3 consecutive months. Attendance at approved alternate Matched Circle meetings may be substituted for Tuesday Matched Circles night attendance. Absences which have been communicated to the Circles Coach or Coordinator and Matched Allies prior to the missed Weekly Meeting will be taken into consideration. Failure to meet this standard will result in denial of application. Graduated Circle Leaders from classes 1 and 2 are exempt from this rule but must be contributing to Circles in some way; including participation as an Ally, Ad Hoc Ally, Weekly Meeting volunteer (childcare, dishes, set up), recruitment volunteer, Resource Team member, Guiding Coalition member, training support or other community volunteer.

2. Qualified applicants must have completed the Circle Leader training and have participated in a Matched Circle for at least 6 months before being considered for the Credit Restoration Loan.

3. Applicants must have participated in the Short Term Loan program and have repaid a minimum of \$250 over 6 months, with possible exceptions for classes 1 & 2.
  4. Applicants must have supplied all necessary information for all applicable Circles data collection efforts, including the initial report and each 6-month Progress Report, to the Circles Coach.
  5. Circle Leaders will be required to successfully complete an in-person or online budgeting and financial literacy course in order to obtain a loan. Some approved classes are as follows: In Charge, Clearpoint, Faith & Finances, Financial Peace University and Your Money, Your Goals.
  6. Other recommendations may be made such as mental health counseling, parenting skills training, credit counseling or other programs in order to increase stability before obtaining a loan.
  7. Circle Leaders must not have outstanding balances or be in default on any Circles Short Term loans.
  8. This loan is subject to Seacoast Bank policies and procedures. Neither Circles Staff nor Circles Allies have authority to make accommodations.
- \* See Appendix for description of the eleven success metrics for Circles Orange County.
- \*\* Applicants who have taken a leave of absence or who have exited from Circles for more than 3 months must be readmitted to the program and be in good standing before becoming eligible for the Credit Restoration Loan.

### **Terms of Loan:**

Available Loan Amounts:	\$2,500.00 - \$3,000.00
Loan Term Options:	12, 18, 24, 30, or 36 months
Loan Interest Rate:	4.0%

### **Steps in Application Process:**

1. Circle Leader talks with the Circles Coach about intention to apply.
2. Circle Leader and Matched Circle Allies discuss how the loan will positively impact household income or reduce debt. If applicable, they research options and pricing of intended purchase or service, documenting at least three (3) options when available.
3. Circle Leader works with Circles Coach and/or Allies to update budget plan, including amount available for monthly loan repayments, and records this plan on the *Budget Worksheet*.

4. Loan application must be approved by the Savings & Loan Committee with the amount determined.
5. Once Circles approvals are obtained, the Circles Coordinator will notify Seacoast Bank, which will require completion of a Consumer Loan Application. Circle Leader will complete and submit Seacoast Loan Documents to the Circles Coordinator within 7 days.
6. Circles staff will send an initial letter to remind him/her of the steps of the repayment process. Monthly repayment amounts and schedule are to be discussed between Circle Leader and Circles Coach, and Loan Agreement must be signed by the Circle Leader and co-applicant (if applicable).
7. Payment should be made by check, cash, money order, or auto-payment to Seacoast Bank according to the loan schedule. Late or missed payments will be assessed and collected according to bank policies and loan agreement.
8. Seacoast Bank will provide updates of account activity and balances to the Circles Coordinator.

## Credit Restoration Loan Application 2018

I understand that because I am part of the Circles Orange County Community, I am eligible to apply for a Credit Restoration Loan. This shows that the **Circles Orange County is committed** to me. I also understand that receiving a loan is a demonstration of **my commitment** to achieving economic stability and being a contributing member of the Circles Orange County and the larger community.

I understand that Circles Orange County approves applications to participate in the Seacoast Bank Loan on an individual basis. In exchange for a loan:

1. I will remain an active participant in the Circles Orange County.
2. I will work with my Allies to keep my Budget Plan updated every three months.
3. I will inform Circles staff if my phone number or address changes.
4. Remembering that Circles Orange County is a community, and that we support one another, I will reimburse the Credit Restoration Loan, as promised, so that future funds will be available for other Circles families as well.

### Circle Leader Information:

Name \_\_\_\_\_ Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Home Phone # \_\_\_\_\_ Cell Phone # \_\_\_\_\_

Other Phone # \_\_\_\_\_ E-mail \_\_\_\_\_

### Loan Information

Provide the following information about your need for applying for a Credit Restoration Loan:

Amount of loan requested: \$ \_\_\_\_\_ Preferred Start Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

# of Months to Repay Loan: \_\_\_\_\_

### Brief description of need:

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**How will you utilize these funds to increase your household income or reduce your debt?**

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**Have you had a Circles Short Term Loan in the past?** Yes No

If yes, when and for what? \_\_\_\_\_

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**Were you able to make payments according to the schedule?** Yes No

If no, please explain: \_\_\_\_\_

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### **Required Documents**

The following documents must be submitted along with this application:

- Certificate of Completion for Financial Literacy Class*
- Budget Worksheet*
- Repayment schedule*
- Written documentation of financial need (quotes, estimates, pricing, etc.)*

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### **Applicant Signature**

I, \_\_\_\_\_, agree to make payments as recorded on the *Repayment Schedule*

**Print Name**

attached. I agree to provide all payments to \_\_\_\_\_ Bank, and allow information to be

shared with my allies, the Circles staff, and to the Guiding Coalition Leadership Team, as needed.

**Circle Leader:** \_\_\_\_\_ Date \_\_\_ / \_\_\_ / \_\_\_

**Co-Applicant (if applicable):** \_\_\_\_\_ Date \_\_\_ / \_\_\_ / \_\_\_

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By signing below, you are verifying that you are aware of the Circle Leader's education goals, have discussed the Education Grant as a Matched Circle and are willing to support the Leader in successfully increasing job capacity.

**Circles Ally:** \_\_\_\_\_ **Date** \_\_\_ / \_\_\_ / \_\_\_

**Circles Coach:** \_\_\_\_\_ **Date** \_\_\_ / \_\_\_ / \_\_\_

**Circles Coordinator:** \_\_\_\_\_ **Date** \_\_\_ / \_\_\_ / \_\_\_

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**FOR OFFICE USE ONLY**

The following loan amount has been:       **Approved**

**Loan Amount \$** \_\_\_\_\_

**Denied**

**Reason:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# Credit Restoration Loan Budget Worksheet

Participant Name: \_\_\_\_\_ Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

<i>Monthly Expenses</i>	<i>\$ Amt./Mo.</i>	<i>Notes:</i>
Housing		
Rent Payment		
Mortgage Pmt.		
Property Taxes		
Insurance		
Lot Rent		
Other:		
Utilities		
Heat		
Electric		
Water/Sewer		
Garbage		
Other:		
Transportation		
Car Payment		
Car Insurance		
Gas/Oil		
Car Repairs		
License Tabs		
Fines		
Bus Fare		
Other:		
Childcare		
Clothing		
Food		
Groceries		
Restaurant		
Health Expenses		
Doctor		
Dentist		
Prescriptions		
Emergency		
Other:		
Education		
Tuition		
Books		
Fees		

<b>Monthly Expenses</b>	<b>\$ Amt./Mo.</b>	<b>Notes:</b>
Other:		
Household Supplies		
Cable TV		
Telephone		
Monthly Bill		
Long Distance		
Cell Phone		
Computer		
Internet		
Ink, paper, etc.		
Pets		
Food		
Veterinary		
Entertainment (Movies, Bowling, etc.)		
Personal (haircuts, etc.)		
Cigarettes/Alcohol		
Newspapers/Magazines		
Gifts		
Child Support		
Debt		
Student Loans		
Credit Cards		
Other:		
Other:		
Other:		
Savings		
<b>Total Expenses</b>		
<b>Monthly Income</b>	<b>\$ Amt./Mo.</b>	<b>Notes:</b>
Wages/Self-Employment		
TANF		
SSI		
Food Stamps		
Child Support		
Unemployment		
Housing Assistance		
Earned Income Tax Credit		
<b>Total Income</b>		
<b>Totals</b>	<b>\$ Amt./Mo.</b>	<b>Notes:</b>
<b>Total Income</b>		
<b>Total Expenses</b>		
<b>Balance</b>		



# Credit Restoration Loan Repayment Schedule

**The Circle Leader shall repay this loan according to the schedule below.**

# of months	Month	Year	Amount of Payment	Paid (check)	Balance	Notes
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

I plan to repay this loan by \_\_\_/\_\_\_/\_\_\_ Leader initials \_\_\_\_\_ Staff Initials\_\_\_\_\_

Send Payments to:

**St. Luke's UMC, Attn: Circles Coordinator, 4851 S. Apopka Vineland Rd., Orlando, FL 32819**

# CIRCLES<sup>®</sup> ORANGE COUNTY SUCCESS METRICS

## A. HOUSEHOLD INCOME

To reach **GREEN** status: Income over 200% of the poverty line (i.e. beyond the cliff effect)

Household Size	100%	133%	150%	200%
1	\$11,770	\$15,654	\$17,655	\$23,540
2	15,930	21,187	23,895	31,860
3	20,090	26,720	30,135	40,180
4	24,250	32,253	36,375	48,500
5	28,410	37,785	42,615	56,820
6	32,570	43,318	48,855	65,140
7	36,730	48,851	55,095	73,460
8	40,890	54,384	61,335	81,780

## B. EMPLOYMENT

### Questions Asked

I have completed a job readiness training program: \_\_\_ Yes \_\_\_ No

I would like more info on the job readiness training program: \_\_\_ Yes \_\_\_ No

I am satisfied with current employment status: \_\_\_ Yes \_\_\_ No

To reach **GREEN** status: Yes on satisfied and employed

## C. DEBT

To reach **GREEN** status: Credit Score has shown improvement since the last 6-month progress reporting period and/or the Debt to Income ratio is 39% or lower

## D. CASH ASSETS

To reach **GREEN** status: have 3 months of household expenses available without going into debt.

## E. PUBLIC BENEFITS

To reach **GREEN** status: No longer need to receive Public Benefit Assistance for housing, food, transportation to meet the needs of the household

## F. HEALTHCARE

### Questions Asked

Do you have health insurance for yourself? \_\_\_ Yes \_\_\_ No

Do all of the other adults in your household have health insurance? \_\_\_ Yes \_\_\_ No

Do all of the children in your household have health insurance? \_\_\_ Yes \_\_\_ No

To reach **GREEN** status: Yes to all questions

## G. TRANSPORTATION

### Questions Asked

Do you have a reliable means of transportation? \_\_\_Yes \_\_\_No

Is it adequate for your household transportation needs? \_\_\_Yes \_\_\_No

Do you have the minimum automobile insurance coverage required by Florida? \_\_\_Yes \_\_\_ No

To reach **GREEN** status: Yes to all questions

## H. FOOD

### Questions Asked

Did everyone in your household have sufficient food (3 meals a day, 7 days a week) in the past month? \_\_\_ Yes \_\_\_ No In the past 6 months? \_\_\_Yes \_\_\_ No

Are you confident that everyone in your household will have sufficient food in the coming 6 months? \_\_\_ Yes \_\_\_ No (Optional) If not, why \_\_\_\_\_

To reach **GREEN** status: 3 Yes and no instances of needing to ask for Community Agency help for the basic food needs

## I. EDUCATION

### Question Asked

Have you reached your education goals?

To reach **GREEN** status if Education was one of your main goals: Yes

**\*\*\*If Education was not one of your main goals, then RED OR GREY will indicate that and is not considered a penalty or negative issue\*\*\***

## J. HOUSING

To reach **GREEN** status: No to foreclosure, Yes to safe and secure, and Yes to 33% or less of monthly household income goes to rent/mortgage and utilities.

## K. SOCIAL CAPITAL

To reach **GREEN** status: 5-10 people for number of Social Capital and a Yes for Bonding **AND** Bridging social capital