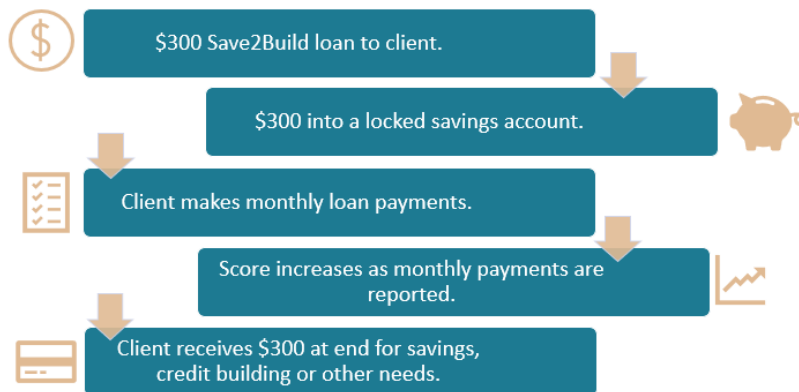


## Save2Build Credit Builder Loan

This innovative program known as The Save2Build Credit Builder Loan will allow American Financial Solutions clients to embark on a path towards a successful financial future. AFS recognizes that building a savings habit is an essential component of financial stability. The Save2Build program is an innovation that will build on the consumer's success in managing finances, while also allowing them an opportunity to automate and establish a savings habit and improve their credit at the same time.

Through the Save2Build Credit Builder Loan, clients can borrow \$300 funded by Great Rivers Community Capital (GRCC) a Community Development Financial Institution (CDFI), and a wholly owned subsidiary of JP. Under Save2Build, the borrowed funds are not distributed directly to the client as they would with a traditional loan. Instead, they are deposited into a locked savings account. The client makes small monthly



installment payments through their debt management plan over a year. Each monthly payment made toward the loan is reported to the credit reporting agencies which will reflect positively on their credit report and potentially raise their credit score. At

the end of the loan term, the funds are returned to the client from the locked savings account, providing an instant savings cushion that the client can use to continue to build their savings over time or use to continue to build their credit.

The partnership between AFS and Justine PETERSEN provides an opportunity for people to build positive credit and improve their overall financial future. Said Becky House, Director of Strategic Initiatives at AFS. "Many consumers who have experienced financial challenges have been excluded from mainstream opportunities to help them, plan, save and rebuild their credit. This program will be a game-changer for helping struggling consumers make a fresh financial start."



## Save2Build Credit Builder Loan

### Client Eligibility Criteria:

To be eligible for the Save2Build account, clients must meet several requirements:

- The client must have had at least one counseling session with the counselor. Session(s) must include:
  - Discussion of client's current goals and financial situation,
  - Counselor and client review of client's credit report,
  - Detailed budget, and
  - A financial action plan that includes credit.
- The client must have a budget that shows sufficient monthly net income to cover the Save2Build monthly loan payment.
- The client must have a credit report from the credit bureau that confirms that the client has not had a 30+ day delinquency or foreclosure incident during the three (3) months prior to the **Save2Build account application**.
- Be over the age of 18.

### Save2Build Payments

Invoices/statements to clients will be made available monthly, online in the loan management portal. All payments must be due on the same day of the month to simplify the process for the client and the partner agency (these procedures assume the due date is the 15<sup>th</sup> of the month.) On-time payments are defined as payments that are received by the Justine PETERSEN between the 1st and the 15th of each month (exceptions are made for weekends and bank holidays). The 15<sup>th</sup> is the default day set for on-time payments, but clients can choose to have ACH run on the 1st or the 15th.

### Payment Options

If the client chooses automated payments (ACH) through their bank, payments will be made automatically. Requests to change ACH arrangements must be made three business days prior to the scheduled payment.

Payments may also be made by phone or by mail.

### Late Payments/Non-Payment

On-time payments are defined as payments that are received Justine PETERSEN between the 1<sup>st</sup> and the 15<sup>th</sup> of each month (exceptions are made for weekends and bank holidays). The counselor will review the portal, monthly, to identify missed payments. Justine PETERSEN will provide monthly reports on missed payments and reversed payments.

If the payment is late, but not delinquent (less than 30 days), the counselor will reach out to the client to either help the client get back on track, or counsel the client about how to address the lateness missing payment. If it seems likely that the client will not

## Save2Build Credit Builder Loan

be able to resume on-time payments the counselor will counsel the client to close the account.

With no exception, Justine Petersen will close the Save2Build Account after 60 days delinquency. The counselor will be notified by Justine PETERSEN that this occurred. At any point of lateness or delinquency, if the client wants to close the Save2Build Account, the counselor (or the client) can communicate this to Justine PETERSEN. The counselor does not have to wait until the account is 60 days delinquent to close it.

### Premature Account Closure

If the account is closed early, Justine PETERSEN will take funds from the client's savings account to pay off the loan and any accrued fees and will report to the credit bureaus that the loan is "**paid off**" –a status that does not have a negative effect on the credit score. If the savings account does not cover the loan balance and any accrued fees either AFS or Justine PETERSEN will absorb the loss. If there's money left in the savings account after is the loan paid off, Justine PETERSEN will mail a check to the client at the address provided on the loan documents. In the event of a premature closure the check will be mailed to the client directly unless otherwise specified by counselor. **There is no penalty if a client chooses premature closure.** A client, whose account is closed prematurely, can reapply for the product.

### Successful Completion

When a client has successfully completed the loan term (i.e. 12 months) the financial counselor will schedule and hold an appointment with the client to go over success, discuss the use of funds (which is the client's decision), and complete any necessary forms. Funds will be mailed directly to the client.

### LOAN INFORMATION

Loan amount		\$300
Prepaid finance charges:		
Loan origination fee:		\$12
NOTE AMOUNT		\$312
PAYMENT CALCULATION		
Interest method:	365/365	
Interest rate (fixed):	12%	
Amount of regular payment:	\$27.80	
Final payment (12 <sup>th</sup> month)	\$27.75	