

## **Construct COVID-19 Rental Assistance Microloan Program**

Construct and Greylock Federal Credit Union have a strong community partnership that enables both organizations to collaborate and assist residents of southern Berkshire County to transition from and avoid homelessness. This COVID-19 Rental Assistance Microloan Program will be collateralized by a \$25,000 grant from Berkshire United Way. Construct expects to be able to serve 10 to 12 families with this program who are considered to be of “moderate” income, meaning between 80 to 120% AMI, whose income has decreased as a result of the COVID pandemic. Construct will vet program participants and refer them to Greylock to participate in the loan program. Greylock will provide financial coaching to assist the participants with budgeting, credit score improvement, fraud disputes if/when needed, and companion banking services to augment the loan program, as applicable.

### Loan Program Details:

1. Clients will be referred to Greylock Federal Credit Union and will meet with a Certified Financial Coach who will assist them with opening their membership if they are not currently a member. The coach will do a soft pull on their credit, so they can discuss it and address any issues including fraud and process a loan application.
2. It is noted that Greylock is not bound to approve any loans referred by Construct if it independently believes that the applicant has a likelihood of not successfully repaying the loan. Construct will be notified immediately if the applicant is declined, so other options can be explored.
3. Loans will be deferred for the first 3 months, so the first payment will not be due until 4 months after disbursement date.
4. If the member is still struggling due to issues caused by COVID, they need to meet again with their coach to reassess the situation and 3 additional months will be deferred, for a max deferment of 6 months. The coaching session **is required** in order to extend the deferment period.
5. Maximum amount of loan is \$2500 and the minimum is \$1000.
6. Loan term is 36 months which includes the 3 to 6 months of deferred payments.
7. Only 1 loan allowed per household, no rewrites.
8. Rate is 2%.
9. Loan proceeds will be made payable to the client and the landlord.
10. All loans collateralized by the Construct Grant funds which will be on deposit at Greylock under Construct’s membership account, with right of offset, at point of charge-off for non-payment.
11. Construct will receive quarterly updates on all participants, from Greylock.
12. Greylock will pursue standard collection activity on loans, as applicable.
13. Loans will be reported monthly to the 3 credit bureaus.
14. Members are encouraged to stay in contact with their coach and will also be invited to attend Free virtual training on topics such as budgeting, creditability, banking services, etc.