

GET THE REAL STORY



Non Predatory Financial Services: The Role of Credit Unions

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REAL Solutions

RELEVANT • EFFECTIVE • ASSET-BUILDING • LOYALTY-PRODUCING

About Credit Unions . . .

- Cooperatives: member-owned
- Field of membership
- CU locator: <http://www.creditunion.coop/>
- Regulated by NCUA and/or state
- NCUSIF share insurance fund
- Affected by economic recession
- May be risk averse – losses affect all members

Prepaid Cards as Checking Option



Outstanding Value ~ Exceptional Service

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LOAD -N- GO

- Works like a prepaid debit card
- \$2 per month to member
- No set up or reload fee
- Make purchases (signature and PIN) with no transaction fees
- Get cash from ATMs nationwide
- Monthly savings of \$9.70 compared to Wal-Mart card
- 1591 cards; most with FICA scores <600

2nd Chance Checking

- Basics of a 2nd Chance Checking Product:
 - ChexSystems record is not for fraud (average score is under 600)
 - Require direct deposit
 - Require an education component, along with reasonable management (6 NSF's or less) and 12 months in the program before members can migrate into regular checking.
 - Charge a monthly fee: \$7 to \$10
 - 12 months in 2nd chance product; onus on member to request review.

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Need for Small Loans



Reality Check: Building a Better Virginia –

- ¼ Virginia households earn less than amount needed to meet basic monthly expenses
- 26% do not have sufficient cash assets for any emergency
- 56% report difficulty paying monthly bills

<http://www.realitycheckvirginia.org/>

- All credit unions make small loans
- Some credit unions make payday alternative loans
- Reverse share-secured loan



**TEX EARNHARDT
WANTS YOU!**
to get a
NEW CAR
regardless of your
past credit history

WE CAN HELP!

If you have:

- Bankruptcy
- Bad Credit
- Slow Credit
- Repossession
- No Credit

**CLICK
HERE**

Buy Here Pay Here:

- 30% Interest
- \$5,000 Down Payment
- 100,000 miles

*We finance your future
– not your past!*



Responsible Rides

Car purchase program for low-income families.



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Eligibility Requirements:

- Within 300% of poverty level
- On job for at least 3 months
- Must be insurable
- Attend 3 hours financial education & 2 hours auto maintenance

100% financing of purchase price

www.youtube.com/watch?v=IP1LDB-D9cs

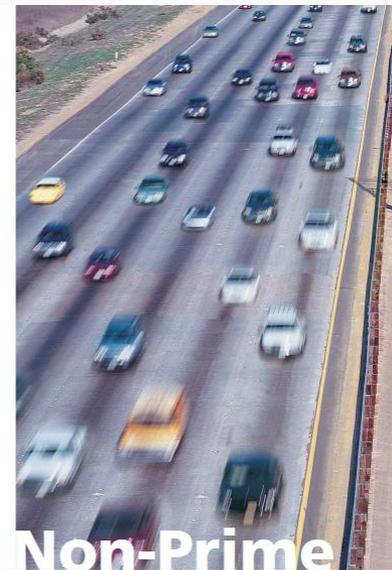
Profile of Borrower:

- Average household income is \$17,945
- 73% are single parents
- 94% are female
- Average credit score is 578

Non-prime Auto Loan Toolkit

<http://www.realsolutions.coop/assets/2011/10/11/NonPrimeAutoLoans-Toolkit-aug2011.pdf>

- Underwriting guide
- Techniques to mitigate risk
- Pricing guide
- Loan portfolio management
- Community partnerships
- CU examples
- Insurance products



August 2011

**Non-Prime
Auto Loans**

About Partnerships . . .

- What do you bring to the table?
 - Knowledge of clients
 - Lower risk & transaction costs
 - Resources
 - Financial education
 - Access to grants to cover losses
 - Media contacts

Enhance your organization's and the union's image within your community.

