



Providing Traditional Banking Services for Working Families

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Hope Community Credit Union



About ECD/HOPE

- ECD
 - Founded in 1994 to address economic and community development needs in the 58 Delta county and parish areas of Arkansas, Louisiana, and Mississippi
 - Provides commercial, mortgage and community development loans
 - Expanded throughout the tri-state area and into Memphis
- HOPE Community Credit Union
 - Founded in 1995 as a church-sponsored credit union
 - In 2002, ECD became HOPE's primary sponsor
- The alliance of ECD/HOPE has enabled the organizations to increase their provision of affordable financial services to low-income communities and residents throughout the Mid South



Affordable Financial Products

- Savings/Checking Accounts
- ShareBuilder Loans
- Payday Consolidation Loans
- Refund Anticipation Loans
- Payday Alternative Loans (StretchPay)



Savings / Checking Accounts

- Every member has a Savings Account
- “Easy Checking”
 - Anyone can qualify for HOPE’s “Easy Checking” account
 - Cost effective and easy to use alternative to costly check cashers
- Emphasize Direct Deposit



ShareBuilder and Payday Consolidation Loans

- HOPE's ShareBuilder Loan allows members to borrow up to the amount of the shares they have on deposit at HOPE
 - Strategy to build good credit history
- Payday Consolidation Loan allows those who have become trapped in the payday loan cycle to pay off all their outstanding loans with payday lenders
 - Payday loans are consolidated into one loan with affordable interest rates and terms
 - Helps to break the payday lending cycle of debt



Refund Anticipation Loan

- HOPE offers Refund Anticipation Loans in conjunction with Volunteer Income Tax Assistance (VITA) preparation
 - No tax preparation fee
 - 7% APR on loans (predatory lending outlets charge between 70 – 700% APR)
 - *Note: Due to e-filing of tax returns with quicker refund turn around time, fewer HOPE members were interested in a RAL since refunds were generally received within a two week period*



Payday Alternative Loan (PAL)

- ECD/HOPE knows that members *are* using payday loans to make ends meet
- Speed and convenience are the most important considerations for those seeking a payday loan
 - Financial literacy courses should be available, but not required
 - Required savings components are generally well received, but most borrowers withdraw the savings amount as soon as the loan portion is paid off



PAL, continued

- The credit unions that have developed their own PAL generally have a much more narrowly defined field of membership than HOPE's
 - This substantially reduces the risk for those credit unions
 - HOPE was interested in joining with a CUSO or similar organization in order to minimize the inherent risk in offering a PAL



StretchPay

- StretchPay
 - Turn-key PAL offered by CUOSI, Credit Union Outreach Solutions, Inc., a non-profit organization
 - Participating credit unions pay a joining fee that is pooled into a loan loss reserve fund
- \$35 annual fee/\$250 line of credit or \$70/\$500
 - 18% APR on advances with 30 day repayment term
 - Annual fees are also pooled into loan loss reserve fund
- StretchPay provides implementation guide, underwriting criteria, loan documents, and procedures
- Program is flexible as long as minimum underwriting requirements are met (can require a savings component)
- Loan loss reserve fund reimburses 90% of the amount of loans charged off
- Must establish membership at credit union for 60 days

Partnership Opportunities

- Loan loss reserves
 - Payday Loan Consolidations
 - Payday Loan Alternative
 - Pledged deposit accounts
- Operating Funds
 - Outreach
 - Education
 - Start-up in new community / neighborhood
- Very low cost deposits

Contact Information

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