

The Credit Union Connection LOANS

INSTRUCTION: This document may be reviewed in several ways:

1. Scroll through each page to review all of the entries in the document.
OR
2. Refer to the Table of Contents for an Alphabetical List by Credit Union Name below or the Table of Contents by Topic on the Next Page.

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ACBA Federal Credit Union

400 Stanwix Street, Kossman Bldg.
Pittsburgh, PA 15222
Phone: (412) 391-7242
Website: None
Charter: 3226
Assets: \$3.5 million
Year Chartered: 1939

The credit union reaches out to underserved members by providing loan opportunities for those members with credit scores of less than 550. These loan opportunities consist of credit builder and home heating loans.

Alternatives Federal Credit Union

125 North Fulton Street
Ithaca, NY 14850
Phone: (607) 273-4611
Website: www.alternatives.org
Charter: 23283
Assets: \$51 million
Year Chartered: 1979

The following are examples of loan programs the credit union offers that are designed to address member needs for credit, including quick cash, unsecured business loans, and loans to non-profits.

The Opportunity Lending Program provides risk based consumer lending to members with poor credit histories. It makes credit available quickly, to as many members as possible, over a wide range of credit standings, at better rates than predatory lenders.

As part of the credit union's free tax preparation program, Refund Express Loans provide fast, affordable loans secured by tax refunds.

Through its Community Partnership Loans Alternatives joins with community organizations to increase their capacity to make loans to their targeted groups and to increase lending to targeted communities, bringing lending services to hard-to-reach markets through partnerships with non-profits.

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Archer Cooperative Credit Union

2121 Archer Road
Archer, NE 68816
Phone: (308) 795-2204
Website: www.archerccu.com
Charter: 66270
Assets: \$47 million
Year Chartered: 1984

The credit union provides services to a rural community; therefore, they have designed programs for their membership. For example, the credit union offers both farm and ranch loans that provide annual operating lines of credit for equipment/cattle term loans to long-term real estate loans. The operating loans are typically one year renewable lines of credit for agricultural or business operating needs and most operating loans have variable rates priced with inventory, crops, livestock, and/or equipment as collateral. The credit union also offers members with an option to feed their own feeders at a custom feedlot or finance the purchase of feeders and feed. In addition to offering the preceding loan programs, the credit union supports 4-H and FFA (www.ffa.org) through their 6% project loans. The loan helps a youth have a project, provides a financial learning experience and the rate helps the project to be a profitable one. The credit union also has a partnership relationship with Farm Service Agency (FSA). Members beginning to farm can obtain a loan at a FSA reduced interest rate. To further promote their partnership with the community, the credit union promotes their services during the county fair.

Arkansas Federal Credit Union

P.O. Box 9
Jacksonville, AR 72078
Phone: (501) 982-1000
Website: www.afcu.org
Charter: 10920
Assets: \$609 million
Year Chartered: 1956

The credit union's Military Appreciation Loan (MAL) was created as a solution to high interest rate, unsecured loans granted to military personnel. Typically those loans are granted by predatory lenders in the form of Cash Advance loans, Payday Loans, etc. The MAL grants military members an opportunity to break the cycle of high interest rates and questionable practices exhibited by predatory lenders.

The MAL allows members an advance up to the amount required to payoff existing absorbent interest rate loans. In addition, a Savings Alternative (a predetermined percentage of the initial advance) is added to the loan, above and

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beyond the initial payoff of the predatory loan. Typically the payoff is sent directly to satisfy the existing debt. This helps to ensure that the member does not revert to the financial habits that caused him/her to resort to such high-rate loans. For the same reason, the loan is not intended for cash-out transactions. The Savings Alternative is either deposited into a savings account and held for the life of the loan or used to open a certificate that matches the term of the loan.

The MAL gives military personnel a chance to deter a potentially dangerous financial trap, the predatory loan, while building their savings. This Savings Alternative could prove to be the lifeboat the member needs when future financial struggles arise.

Boulder Municipal Employees Federal Credit Union

2800 Arapahoe Avenue

Boulder, CO 80303

Phone: (303) 441-7800

Website: www.bmecu.org

Charter: 16710

Assets: \$54 million

Year Chartered: 1965

The credit union ensures excellence in their home equity loan program by sampling loans based on FICO scores, terms, loan-to-values, and positions of the 1st mortgages. Management then assigns high risk loans (based on the sampling results) to a “watch guard list” or “red alert list.” The result of this effort is that the credit union has been successful in forecasting losses and determining adequate levels of the Allowance Loan Losses account.

Butler County Teachers Federal Credit Union

120 Campus Lane

Butler, PA 16001

Phone: (724) 283-9427

Website: www.bctfcu.net

Charter: 3085

Assets: \$18 million

Year Chartered: 1939

To enhance the membership vehicle lending experience, the credit union offers instant access to the most recent NADA value guide and Official Kelley Blue Book on all vehicle types. Another member focused lending products is the *Teacher Required Continuing Education (TRCE) Loan*. This loan is available to any teacher. The loan maximum is \$5,000 and may be borrowed for up to 24 months. Enrollment verification will be required. Any member obtaining a teacher education loan may not obtain a new signature loan until the *TRCE Loan* is paid off.

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Central Minnesota Federal Credit Union

20 South 4th Avenue East

Melrose, MN 56352

Phone: (320) 256-4269

www.centralmnfcu.org

Charter 24654

Assets: \$427 million

Year Chartered: 1939

The following are examples of loan programs the credit union offers that are designed to address member needs for rural, agricultural, and small business loans.

Rural Finance Authority (RFA) Program: The credit union's business lending staff work with members involved within the agricultural industry to complete applications and share program information. The variety of programs offered by the RFA assists producers at various stages of operation, including start-up and expansion, and financial restructure. Applicants that are accepted into various programs receive reduced interest rates on a specified portion of outstanding loan balances and flexible amortization schedules. These benefits help the producers to improve their financial position and maintain a strong relationship with the credit union.

Farm Service Agency (FSA) and other rural loan programs: The credit union works very closely with members involved or applying for programs offered by the FSA. Members receive assistance gathering and presenting required financial and historical information to complete loan applications. FSA loans are often provided to start-up farmers who do not qualify for conventional loans due to insufficient financial resources. FSA programs also help established farmers who have suffered financial setbacks from natural disasters, or whose resources are too limited to maintain profitable farming operations.

Producers also benefit from the U.S. Department of Agriculture's (USDA) Guaranteed Loan and Direct Loan Programs that offer interest assistance and favorable repayment terms. The credit union is given an USDA guarantee that it will receive payment on up to 95 percent of outstanding, qualified loan balances. These programs have proven to maintain a strong working relationship with members by improving their financial position.

Small Business Administration (SBA): The credit union has been a SBA certified lender since 1996. The credit union assists the member in completing SBA applications by gathering and presenting the required financial and historical information. SBA loans are often provided to start up businesses who do not qualify for conventional loans due to insufficient financial resources or to businesses that possess specialized types of equipment that will be used as collateral.

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Through participation in the SBA loan program, the credit union is able to offer SBA 7a and SBA Express Guaranteed Loans to its members. The 7a Guaranteed Loan serves as the SBA's primary business loan program to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels. Loan proceeds can be used for most sound business purposes including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold improvements, and debt refinancing (under special conditions). The credit union will receive payment on 75 percent of outstanding, qualified loan balances with the Guaranteed Loan Programs.

The credit union also offers SBA 504 Loans which provides long-term, fixed-rate financing to small businesses to acquire real estate or machinery or equipment for business expansion or modernization. Typically a 504 project includes a loan secured from the credit union with a senior lien, a loan secured from a CDC (funded by a 100 percent SBA-guaranteed debenture) with a junior lien covering up to 40 percent of the total cost, and a contribution of at least 10 percent equity from the borrower.

Coastline Federal Credit Union

4651 Emerson Street

Jacksonville, FL 32207

Phone: (904) 346-1700

Website: www.coastlinefcu.org

Charter: 1115

Assets: \$138 million

Year Chartered: 1936

The credit union wanted to expand home financing products and services to better serve its members, keep its members from seeking other financial institutions for home financing and to attract new members. While doing this Coastline FCU also wanted to increase earnings, limit interest rate risk and foreclosure risks associated with holding 1st mortgage loans on the balance sheet. The credit union also did not want to limit future growth by holding excessive amounts of 1st mortgage loans on the balance sheet.

To reach these goals, Coastline formed a mortgage CUSO. The CUSO coordinates all of the credit union's residential lending activities including:

- Product Marketing – Helping to deliver the credit union's message to members and potential members.
- Loan Origination – Taking the mortgage application and coordinating loan underwriting and closing.

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- Secondary Marketing – Coordinating pricing of mortgage loans, delivering 1st mortgage loans into the secondary market with servicing retained and delivering credit union owned loans to the balance sheet.
- Loan Servicing – Processing and collecting mortgage loan payments, maintaining escrow accounts and paying property taxes and insurance.

Coastline FCU is now able to offer “Dream Loans for Dream Homes” to its members. The CUSO was also chartered to offer some or all of these residential lending services to other credit unions. This allows other credit unions who do not have the time or in-house expertise to build a mortgage team to offer more mortgage products and services to their members too.

Combined Employees Credit Union

106 South Houston Road
Warner Robins, GA 31088
Phone: (478) 929-5700
Website: www.cecuvr.net
Charter: 60825
Assets: \$8.5 million
Year Chartered: 1969

The credit union offers a “Helping Hand Loan” in the amount of \$500 to members. This product has a term of six months and is paid from payroll or ACH payments. There are no credit bureau report reviewed; however, the member must have worked for at least one year with the current employer. Another product is the “Bill Pay Program”. This program also requires payroll or direct deposit methods of payment. Other methods used to focus on the membership needs include using account cards with a marketing questionnaire.

Compass Federal Credit Union

131 George Street
Oswego, NY 13126
Phone: (315) 342-5300
Website: www.compassfcu.com
Charter: 17665
Assets: \$22 million
Year Chartered: 1966

Compass Federal Credit Union has a loan program to create a stronger relationship with their members and sponsors. The credit union offers computer loans with 0% interest to current and active employees of a specific sponsor. The sponsor pre-pays the loan at a 3 percent interest rate as a benefit to its employees. For example, if the employee borrows \$2,000 for two years, the sponsor will prepay \$120 as interest for the loan. (This payment is considered as other income to the employee on their W2.)

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Corporate America Family Credit Union

2075 Big Timber Road
Elgin, IL 60123
Phone: (847) 214-2031
Website: www.cafcu.org
Charter: 68215
Assets: \$556 million
Year Chartered: 1997

The Quick Cash Program is designed to be fast and easy for members to receive a loan. Any member age 18 or over with Direct Deposit or Payroll Deduction is eligible for the loan. Members are granted a \$500, \$1,000 or \$1,500 line of credit dependent upon their credit score. A \$75 payment is established for repayment. There is a \$35 one time application fee and the loan carries an interest rate within the state regulations. All member service staff is certified to grant these loans. Members can access the line at a branch, via audio response or internet banking. It can also be used as an overdraft protection loan. The program was launched on April 1, 2003. In the first five months of the program, the credit union granted over 2,300 Quick Cash loans with balances totaling \$3 million.

Crow Wing Power Credit Union

P.O. Box 962
Brainerd, MN 56401
Phone: (218) 829-2827
Website: www.cwpcu.org
Assets: \$38 million
Year Chartered: 1999

The credit union's membership is located in the Brainerd Lakes vacation area. The credit union designed a real estate loan program for members wishing to refinance the mortgage against their cabin.

Express-News Federal Credit Union

P.O. Box 2171
San Antonio, TX 78297
Phone: (210) 250-3081
Website: www.enfcu.org
Charter: 15973
Assets: \$7 million
Year Chartered: 1963

The credit union offers Emergency Payroll Advance Loans, which are payroll advances used to pay for unexpected expenses such as medical bills, funeral expenses and to help other family members. The loans were first offered in 1999. That year 23 members used the program instead of relying on

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nontraditional payday lenders. Member participation in the program has increased every year; the credit union's income averages \$600 per year.

First South Credit Union

6471 Stage Road, Suite 201
Bartlett, TN 38134
Phone: (901) 380-7400
Website: www.firstsouth.com
Charter: 68084
Assets: \$308 million
Year Chartered: 1993

The credit union began its no closing cost mortgage program over 15 years ago, starting with a 10 year fixed rate product. This program was an overwhelming success and since then the credit union has added three ARM programs and three balloon programs. Members choosing one of these programs for financing or refinancing their home do not pay any points, fees or closing costs. Should the member refinance the loan before the 12th payment, they are required to pay back a prorated portion of the costs. This requirement is clearly explained and disclosed at each closing. The only time members pay closing costs on these programs is if the member chooses to refinance his or her existing credit union mortgage loan. Only the fees for services and documents required to refinance the loan are charged. The credit union's mortgage program can save members approximately two percent of the loan amount if they choose one of the credit union's no point, fees or closing costs options.

Fort Campbell Federal Credit Union

2050 Lowe's Drive
Clarksville, TN 37040
Phone: (931) 431-6800
Website: www.fcfcu.org
Charter: 09759
Assets: \$239 million
Year Chartered: 1954

The Home Front Mortgage Program is designed to help active duty military personnel stationed at Fort Campbell buy houses in Tennessee or Kentucky by eliminating down payments and other factors that may impede the home-buying process. The credit union is offering loans that act like Veterans Administration (VA) loans, but are conventional mortgage loans with underwriting guidelines that mirror VA. The loans can be financed up to 100 percent; private mortgage insurance is required. If the borrower wants to put a down payment on the home they may borrow the down payment or receive it as a gift, if they don't already have the funds. Fannie Mae committed \$5 million to purchase these mortgages originated by the credit union. Any of these loans that are granted to first-time home buyers require the member to go through homeownership counseling

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provided by Affordable Housing Resources, a non-profit housing organization. The counseling can be done at any time as long as it is completed by the time the loan closes.

Franciscan Skemp Credit Union

605 West Avenue South
La Crosse, WI 54601
Phone: (608) 785-0377
Website: www.franciscanskempcu.com
Charter: 66611
Assets: \$17 million
Year Chartered: 1967

The Freedom Plan is an open-end, multi-featured credit plan. Once a member is enrolled, he/she may request an "advance" at their convenience. Since the member (borrower) has already completed and signed the loan documents, the credit union simply verifies the member's financial information, determines the current interest rate, and calculates the payment schedule. Once the advance is approved, the member is "free" to spend her/his money.

This loan product applies to consumer lending only. Other loan products such as real estate, mobile home, credit card, and student loans are not eligible under the program.

Langley Federal Credit Union

721 Lakefront Commons, Suite 400
Newport News, VA 23606
Phone: (757) 827-7200
Website: www.langleyfcu.org
Charter: 1261
Assets: \$1.2 billion
Year Chartered: 1936

Langley Federal Credit Union (LFCU) offers an increasingly popular loan option that provides money for members until their next paycheck. A typical 15 percent fee on money borrowed from a payday lender is often the equivalent of an annual percentage rate that could range anywhere from 180% to 780%, depending on the payback period. The credit union offers a better solution - LFCU's QuickCash.

This loan is a clever alternative to Payday Lenders' loan programs and it features the quick turnaround members need and an 18 percent APR. That translates into huge savings. For example, members usually pay \$75 to borrow \$500 for two weeks from a payday loan company. That \$75 fee translates into an annual percentage rate of about 390%. Members that receive a \$500 QuickCash Loan at 18% APR from LFCU pay only \$3.48 in interest over a two week period.

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The program launched in July of 2004 and as of May, 2008, Langley FCU had processed approximately 33,000 loans and disbursed nearly \$20,000,000. Based on these numbers, LFCU has estimated that it has saved members over \$2,000,000 in fees that they would have otherwise paid had they borrowed from a payday lender.

Mt. Airy Baptist Church Federal Credit Union

1100 North Capital St. NW

Washington, DC 20002

Phone: (202) 789-2271

Website: www.mabcfcu.homestead.com

Charter: 24219

Assets: \$715,000

Year Chartered: 1985

The credit union offers courtesy pay programs. The loan terms include: \$500 loans, 5 months with no credit report, and at a low interest.

North Franklin Federal Credit Union

494 East Main Street

Malone, NY 12953

Phone: (518) 483-8668

Website: www.northfranklin.org

Charter: 21026

Assets: \$34 million

Year Chartered: 1972

The credit union allows members who are concerned about the financial crunch to skip a loan payment. This provides an alternative to a heating loan. The credit union finds that the payment waiver really helps members out.

Northeast Community Federal Credit Union

683 Clay Street

San Francisco, CA 94111

Phone: (415) 434-0738

Website: www.necfcu.org

Charter: 23780

Assets: \$8 million

Year Chartered: 1981

Because of the sluggish economy, the position of predatory lenders and check cashiers has become more attractive among those who can least afford the charges since they provide quick credit and check cashing services to the lowest income segments who cannot qualify for mainstream credit and banking services. Predators thrive by maintaining the dependency of those who are most

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vulnerable to their ease of convenience, often charging rates upward of 200 percent for their services. The delivery of affordable lifeline financial services, such as grace loans, to the neediest and most disadvantaged segments is as important as ever with the emergence of predatory service providers who take advantage of the vacuum in affordable financial services.

“Fresh Start” loans are share-secured loans that enable the borrower to repair his/her credit and establish a regular pattern of savings. The amount borrowed is deposited and frozen in the member’s account for the term of the loan. A member makes regular monthly payments (principal +interest) to the credit union to pay off the loan. When the loan is paid off the member will have the entire amount of the loan plus interest earned on shares in his/her account. If the loan is paid off successfully, the credit union will report this information to the credit bureau.

Pennsylvania Grange Federal Credit Union

4409 Carlisle Pike
Camp Hill, PA 17011
Phone: (717) 233-4310
Website: www.penngrangefcu.org
Charter: 24462
Assets: \$2.2 million
Year Chartered: 1981

The credit union offers production loans that are used in agricultural business for annual production. Limits and duration are determined by the type of product being produced.

Pittsburgh Federal Credit Union

317 Brownsville Road
Pittsburgh, PA 15210
Phone: (412) 381-6363
Website: www.pittsburghfcu.org
Charter: 422
Assets: \$6.5 million
Year Chartered: 1935

The credit union posts its risk based lending program details including interest rates on their website.

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Queen of Peace Arlington Federal Credit Union

P. O. Box 4509
Arlington, VA 22204
Phone: (703) 521-8615
Website: www.qpafcu.com
Charter: 16172
Assets: \$1.6 million
Year Chartered: 1964

The credit union offers a "Grace Loan" for a limited amount. No credit history is required for members belonging to the credit union for at least 6 months. This loan offers an alternative to payday loans.

Reliant Community Credit Union

(formerly W.C.T.A. Federal Credit Union)
10 Benton Place
Sodus, NY 14551
Phone: (315) 483-6936
Website: www.reliantcu.com
Charter: 20258
Assets: \$245 million
Year Chartered: 1970

The credit union has partnered with the State of New York Mortgage Agency (SONYMA) to offer affordable mortgage loans to first-time home buyers. The SONYMA Partnership Program features low down payment requirements, flexible underwriting requirements, extended interest rate lock-in periods, and closing cost assistance. As part of this program, the member is required to complete a financial education course through a SONYMA approved vendor. Loans for one to four family dwellings, condominiums, cooperative apartments, as well as manufactured homes permanently attached to real property are allowed in this program. The member must meet certain income requirements. This partnership allows more members to access affordable mortgage loans.

S E A Credit Union

P.O. Box 355
Richfield, UT 84701
Phone: (435) 201-2085
Website: None
Charter: 67149
Assets: \$2.5 million
Year Chartered: 1957

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The credit union reduced delinquency by promoting automatic payroll deduction payments. If the member is unable to provide automatic payments; they are provided an opportunity to use electronic fund transfers.

SELCO Community Credit Union

P.O. Box 7487
Eugene, OR 97401
Phone: (541) 686-8000
Website: www.selco.org
Charter: 63196
Assets: \$719 million
Year Chartered: 1936

This program provides prospective borrowers a brief online course to learn the basics of understanding credit. They test their knowledge by taking a short credit quiz. By completing the quiz, prospective borrowers may be eligible for a lower interest rate on their first SELCO auto loan by 0.20 percent. Contact the lending director for more information.

State Employees' Credit Union

P.O. Box 27665
Raleigh, NC 27611-7665
Phone: (919) 857-2150
www.ncsecu.org
Charter: 66310
Assets: \$16 billion
Year Chartered: 1937

The credit union began offering its payday loan alternative in 2001 after noticing an increased use of payday loans by its members. The SALO is a revolving loan, with a maximum outstanding balance of \$500, offered at an APR of 12 percent. Thus, on a \$500, two-week loan, the charge is less than \$2.50. SALOs must be repaid in full on the borrower's next payday through automatic deduction. To qualify for the loan, applicants must have their paycheck direct deposited into their credit union account and must not be in bankruptcy. Applications can be made online.

An innovative feature of the product is a forced savings component, which requires that 5 percent of each advance be placed in a special savings account. The account is unrestricted, but if the member withdraws savings the member cannot access a SALO for six months. This provides the member with an incentive to save which results in reducing their reliance on borrowing.

Since the program's inception, approximately 100,000 members have used the SALO product. As of February, 2008, the credit union has made more than \$1 billion in SALO advances, and has saved its members over \$145 million

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compared to the cost of typical payday loans. The forced savings component has also resulted in over \$14 million in new deposit funds. The savings feature is popular with members, many of whom report that this is the first time in their lives they have had any significant savings.

Washington Educational Association Federal Credit Union

308-11th Avenue

Franklinton, Louisiana 70438

Phone: (985) 795-1108

Website: www.weafcu.cuweb.org/

Assets: \$904,000

Year Chartered: 1964

The Washington Educational Association FCU's has been successful in offering the back-to-school loans to all of its members yearly for the last ten years. This loan is made available regardless of the member's present financial obligation to the credit union. In other words, a member's credit score or present types of loans are not factors in being eligible for the back-to-school loan.

This practice affords all members the opportunity to borrow up to \$1,000.00 with a maximum term of twelve months for repayment. The interest rate is the same for all applicants. This loan has made it easier for the credit union's members to secure the necessary uniforms and other school supplies for their children. In addition, members have also been able to furnish their personal classrooms and even pay tuition for themselves or other family members.

Approximately 40 percent of the membership has taken advantage of the practice. This loan is made available 30 days prior to the opening of school in the parish to allow sufficient time for members to secure their supplies.

This practice has been so successful that members constantly thank the management for this opportunity. One of the members stated, "The loan has always been a great help. The overwhelming cost of supplies, uniforms, and school fees are greater each year. The back-to-school loan has helped me several years to meet the needs of my children going back to school."

The credit union makes available approximately \$100,000 annually for the back-to-school loan. The credit union has been able to realize an income of approximately \$100 per loan made.