



# CDFI CREDIT UNIONS BUILD INCLUSIVE ECONOMIES

THE IMPACT OF CDFI CREDIT UNIONS ON CONSUMERS AND COMMUNITIES

**"The CDFI Fund is one of the Federal government's best market-based strategies for leveraging private dollars. CDFIs leverage \$12 of private capital for every \$1 of public investment. Investing in CDFIs generates billions of dollars annually in the form of loans to create jobs and grow businesses, build homes, increase job mobility, expand access to affordable healthcare and childcare, and create financial capability to expand consumer purchasing power."**

**CATHIE MAHON, CEO/PRESIDENT  
INCLUSIV**

## CDFI CREDIT UNIONS MAKE HOMEOWNERSHIP POSSIBLE



Mr. and Mrs. Garcia and their five children recently purchased their first home, thanks to an ITIN mortgage from Juntos Avanzamos-designated North Jersey Federal Credit Union and Inclusiv/Mortgage's ITIN lending program. Individual Taxpayer Identification Number (ITIN) lending programs allow immigrants, Permanent Legal Residents and DACA recipients to access loans and mortgages, regardless of immigration status.

The Implementation Guide for Individual Taxpayers Identification Number (ITIN) Lending is now available at [www.inclusiv.org](http://www.inclusiv.org).



## CDFI CREDIT UNIONS SUPPORT VETERANS



**"When you first get out of the military and become a civilian again, it now becomes a matter of 'I'm on my own now,'" recalls veteran Andrew. "How am I going to continue to get money coming in so that I can continue to make my cell phone or car or insurance payments?"**

**"It's a little bit of a struggle when you first get out. The financial struggle I was having was mainly just acquired debt. Do I put food on the table for me and my son or do I pay this bill? It's just simple things like that, just general life that can come and spiral you out of control."**

**Freedom First Credit Union gave Andrew the tools and information that he needed to get his finances on track, and provides ongoing one-on-one financial counseling to keep him moving in the right direction. "Every time I get something paid and I get that receipt in the mail it is a very uplifting and stress-relieving feeling."**

## **CDFI CREDIT UNIONS HELP SMALL BUSINESS OWNERS SUCCEED**



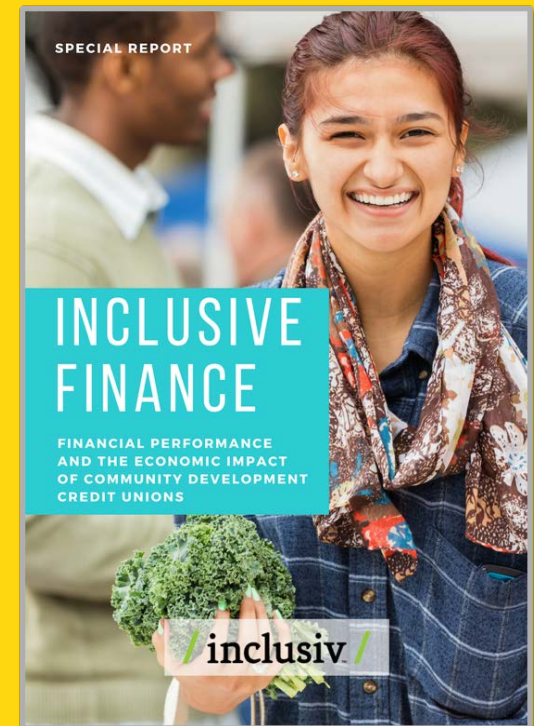
**Ken came to the US from China at 19. With no Asian markets near his new home in Bellevue, Washington, he quickly grew frustrating driving the long distances required to find ingredients for favorite dishes. When his mom (and future business partner) suggested he open a store of his own, Ken wrote a business proposal, got a loan and did just that – opening Asian Food Center at age 21.**

**Over the last decade, Ken has worked with Seattle Credit Union to build a thriving Asian grocery business, growing Asian Food Center into a destination market for a ‘taste of home’ with three locations in the Pacific Northwest.**

**The learning curve was huge, and he says he’s still learning –something he gives Seattle CU kudos for. While success wasn’t immediate, Ken now has an estimated 150 employees between his three stores. His goal is to open another Seattle-area store and then offer home delivery.**

## KEY FINDINGS FROM INCLUSIV RESEARCH BASED ON LOAN LEVEL DATA SUBMITTED BY INCLUSIVE MEMBERS IN 2018 SHOW:

- **Credit unions that focus on community development and financial inclusion are more profitable, grow faster and are more active than their peers across the industry.**
- **CDCUs are inclusive lenders that deploy more loan dollars to borrowers in lower credit tiers.**
- **CDCUs do not shut out risks, but engage, manage and mitigate them.**
- **CDCUs specialize in high-impact products and services.**
- **CDCUs leverage grants and investment for growth and impact, but their stronger financial performance does not require external subsidy.**



**READ THE FULL REPORT AT [WWW.INCLUSIV.ORG/INCLUSIVE-FINANCE-REPORT/](http://WWW.INCLUSIV.ORG/INCLUSIVE-FINANCE-REPORT/)**

## CDFI CREDIT UNIONS BREAK THE PAYDAY DEBT CYCLE

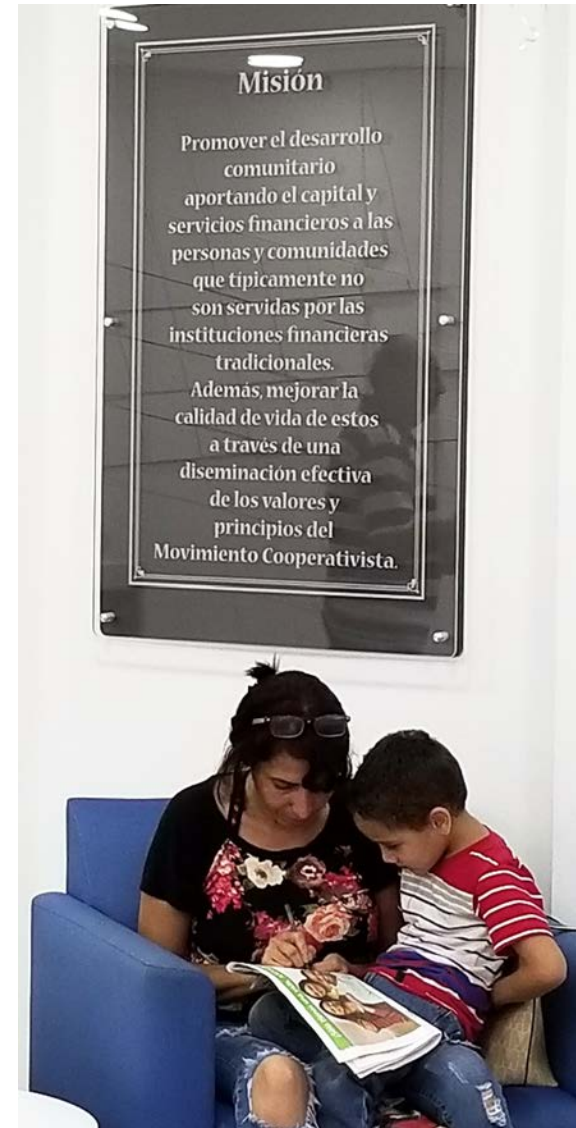


Tiffany needed a small personal loan to pay property taxes and an auto loan so she could get to work. In the past when she needed to borrow money - especially in emergencies - Tiffany had turned to high-cost payday lenders, but a friend referred her to St. Louis Community Credit Union instead. "Every time, it was refinance after refinance, and the interest and fees built up every month. All that time I could have been repaying the credit union \$100 per month when I was paying [a predatory lender] \$300." By consolidating her loans with SLCCU, Tiffany was able to break the payday debt cycle, and save a lot of money in the process.

## CDFI CREDIT UNIONS ARE COMMUNITY LIFELINES IN A DISASTER

**Cooperativa Sagrada Familia is a rural financial cooperative in the mountain town of Corozal, Puerto Rico. Two days after Hurricane Maria devastated the island, Sagrada Familia opened its doors to the public, providing cash and emergency loans to its members, and food, shelter and power for charging phones to anyone in the community that needed the help.**

**To build the community's resiliency against future disasters, Sagrada Familia helped form the Viva la Montaña alliance, which joins the forces of the credit union with a supermarket chain and health service provider. Now sharing resources and encouraging a healthy lifestyle every day, the alliance has prepared emergency plans to guarantee that their vital community services continue to function should disaster strike again.**





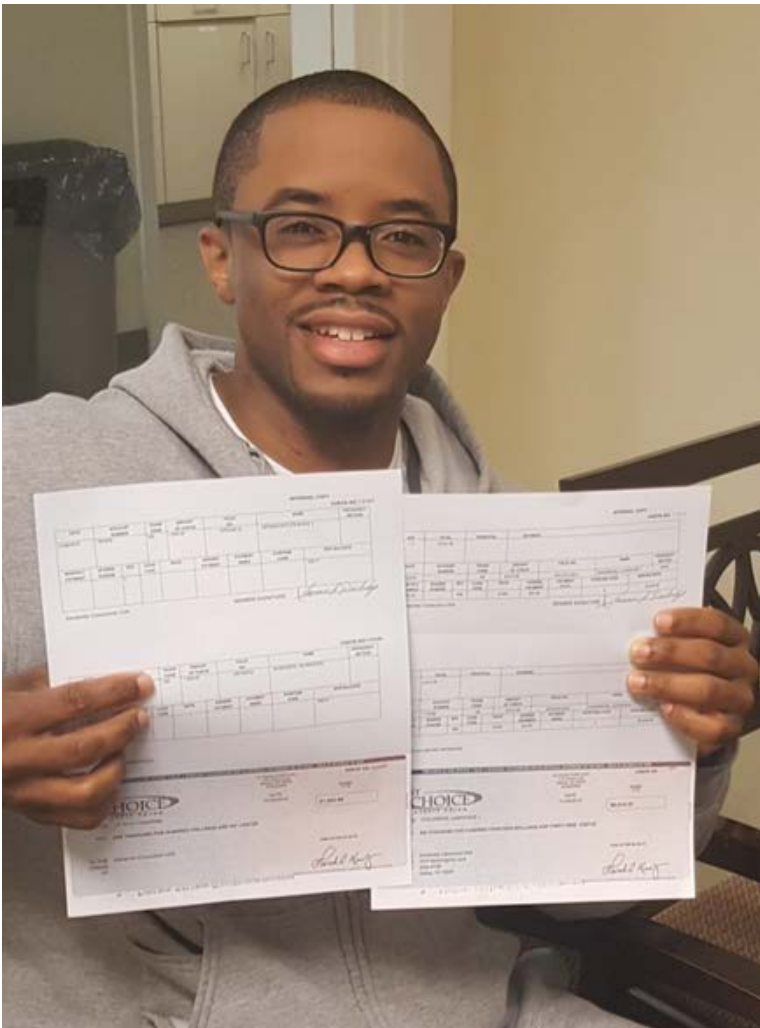
## CDFI CREDIT UNIONS ARE THERE THROUGH THICK AND THIN



**Juanita opened an account at Peach State Federal Credit Union with husband Wes, who had recently been diagnosed with MS. Juanita got to know branch manager Tera, who helped them take advantage of a home equity loan to purchase the things they needed to fill their newly built home.**

**As the MS progressed, Wes became legally disabled, so Tera helped them open an account in his name to receive his federal disability and keep things organized. Tera was there when Wes became wheelchair bound. When the time came, Tera helped the couple notarize Wes's Advance Directives and DNR paperwork. Upon Wes's passing, Tera was there to offer support and assisted Juanita in setting up an account for her 8 year old son, so that he could receive survivor benefits. "I don't know what I would have done...trying to accomplish all of this in the face of some big uncaring bank where you are nothing more than a number," said Juanita. "Tera and PSFCU have truly become an extended family to us. PSFCU was our financial comfort in a time of great stress."**

## CDFI CREDIT UNIONS HELP BORROWERS ESCAPE THE PREDATORY LOAN TRAP



Lawrence came to 1st Choice Credit Union in financial distress after borrowing from a predatory lender, notorious for targeting minority communities. Lawrence is very dependent on his car for work, but high interest rates and fees on his auto loan added up, and eventually he owed \$2,000 more than the car was worth. He also had a personal loan with a 35% interest rate and several credit cards. Unlike the predatory lender, which offered to “help” with more high-interest loans, 1st Choice Credit Union cut Lawrence’s interest rates in half with a refinanced car loan and a personal loan to offset the negative equity - ultimately reducing his debt payments by more than \$300 each month! “This credit union has really saved my life!”



**Inclusiv was instrumental in establishing the CDFI Fund in 1994, is a permanent member of the national CDFI Coalition and is the CDFI and community finance authority for the credit union industry. Our member CDCUs represent the majority of all CDFI-certified credit unions. Today, CDFI certification is an essential credential for credit unions with a focus on financial inclusion. Visit us at [www.inclusiv.org/expertise/cdfi-support/](http://www.inclusiv.org/expertise/cdfi-support/).**



## CDFI CREDIT UNIONS EXPAND FINANCIAL ACCESS

**Northeast Community Federal Credit Union serves some of San Francisco's most culturally diverse, densely populated and financially underserved neighborhoods. In Chinatown, NECFCU caters to newer, less affluent Chinese immigrants, who often find the American financial system confusing and alienating.**

**NECFCU's Tenderloin branch serves as the sole regulated financial institution in the economically distressed area, filling the void left by traditional financial institutions and offering a safe alternative to the predatory financial operations that dominate the neighborhood.**

**"At Northeast Community FCU, we strive to help members of the community create better financial health," says President/CEO Lily Lo. "Our services have helped members on their road to financial independence."**



## CDFI CREDIT UNIONS EMPOWER SUCCESSFUL SAVERS

Pathways to Financial Empowerment helped Clemente improve his credit score. “I used to get so many calls and letters from creditors,” he recalls. With Pathways counseling at Neighborhood Trust Federal Credit Union, senior financial counselor Fitz helped Clemente raise his credit score from the mid-500s to high 600s, reduce his debt by over 80%, save more than \$3,200, and open a Neighborhood Trust secured card.

“The secured credit card has helped me a lot. In one year, I’ve seen my credit score jump 84 points! I see this credit card as a way for me to stay in control.” Clemente plans to continue Pathways counseling with Fitz, hoping to one day buy a home. “I know that I can achieve it with the help of my financial counselor.”



**PATHWAYS**  
to Financial Empowerment

## CDFI CREDIT UNIONS OFFER EFFECTIVE FINANCIAL COACHING



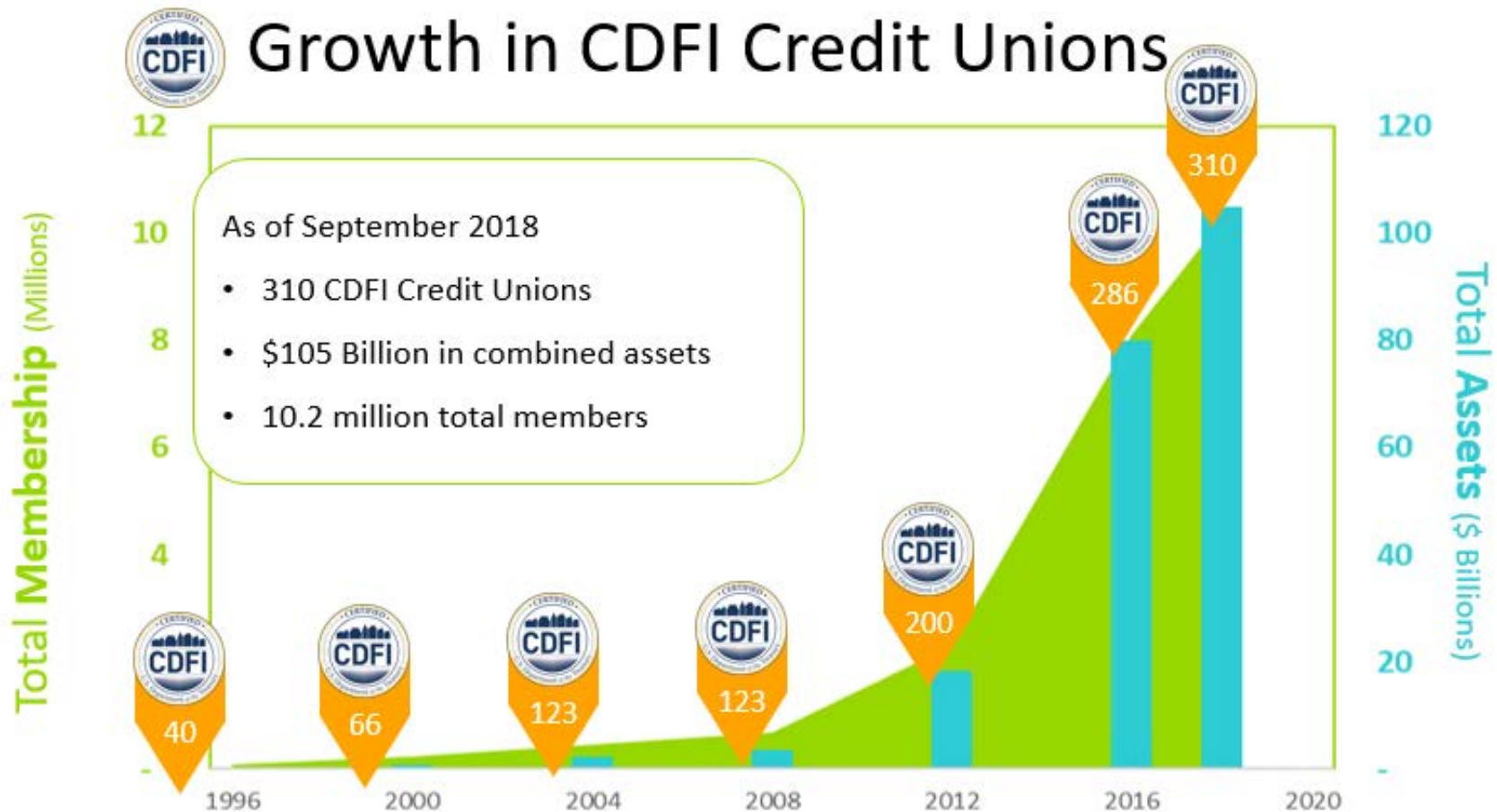
When Self-Help Credit Union began exploring in-branch financial coaching, Pathways to Financial Empowerment provided a blueprint and the support they wanted. Pathways' client management and outcome measurement software has allowed Self-Help to monitor early outcomes, measure results, and share this powerful data with CU leadership and funders.

Financial coach Kathryn shared the story of Amber, a Self-Help member: "I talked to Amber a few days ago and she told me she had to get new tires and had money in savings to pay for them -- a first for her! Amber has accessed a lot of our counseling services, and made awesome progress on credit and budgeting. She plans to come back for another SHCU coaching session in May and is enrolled in our HomeBuyer Education class."

**PATHWAYS**  
to Financial Empowerment

# CREDIT UNIONS ARE THE BEST CHOICE FOR LENDING IN LOW-INCOME COMMUNITIES

Credit unions are highly concentrated in CDFI target markets. With safe and affordable financial products and services, credit unions are the best choice for lending effectively and profitably in low-income communities. An additional 300+ credit unions may be immediately eligible for CDFI certification.



**LUZ, MEMBER OF BROOKLYN COOPERATIVE FEDERAL CREDIT UNION, NEW YORK, NY**

**CDFI CREDIT  
UNIONS HELP  
DACA RECIPIENTS  
PURSUE THE  
AMERICAN  
DREAM**



**In partnership with the New Economy Project, Juntos Avanzamos-designated Brooklyn Cooperative Federal Credit Union has helped hundreds of New Yorkers secure an interest-free loan from the NYC DREAMer Loan Fund, which helps immigrants cover the costs of applying for Deferred Action for Childhood Arrivals (DACA). Brooklyn Coop member Luz, a Queens resident who immigrated with her family from Mexico, has been able to find a job, cash checks, pay her bills, pay taxes and begin building a credit history. "Now I'm not afraid to go out and apply for a job. I feel more comfortable with myself. I just want to give thanks for this big opportunity I have in my life. It's just so wonderful and I feel so happy."**



## CDFI CREDIT UNIONS HELP IMMIGRANT FAMILIES ESTABLISH A SOLID FOUNDATION



**Eduardo is a Cuban immigrant who was struggling to manage the unexpected costs associated with buying a new car. Eduardo's friends referred him to Cooperative Federal, where he was approved for a personal loan to straighten out his finances. Eduardo and his wife, Kenia, also enrolled in the Credit Builder Loan Program. Cooperative Federal's Loan Processor, Carlos, worked with Eduardo and Kenia to help them get on their feet and better understand the U.S. financial system. "Carlos saved our life," says Eduardo.**

## **CDFI CREDIT UNIONS HELP PEOPLE OUT OF HIGH-COST DEBT**

**When Marion turned to New Orleans Firemen's Federal Credit Union for financial counseling in 2016, she was facing a number of challenges: four payday loans, an overdrawn checking account, constantly paying non-sufficient fund fees, and mounting debt from several loans and credit cards, totaling more than \$7,000. Utilizing the Pathways to Financial Empowerment program, NOFFCU helped Marion enroll in a debt management plan, create a plan for paying off the payday lenders and develop a budget. Today, Marion has paid down nearly all of her debt, repaid her outstanding NOFFCU signature loan in full and boosted her credit score by 24 points. "This is truly what NOFFCU is here to do for our members," said Kathy Breaux, NOFFCU Financial Services Manager. "We have made a positive impact in her life."**



**PATHWAYS**  
to Financial Empowerment

**To become Community Development Financial Institutions (CDFIs), credit unions must direct at least 60% of their financing activity in economically distressed markets and build the capacity of their members to improve their financial security.**

- **There are more than 300 CDFI credit unions in the United States serving more than 10 million members.**
- **CDFI credit unions hold more than \$100 billion in combined assets that stay in the community.**
- **CDFI credit unions have more than 1,000 branches in economically distressed CDFI Investment Areas and more than 200 branches in Persistent Poverty Counties.**
- **21% of the people who live near CDFI branches are below the poverty level.**
- **CDFI credit unions provide affordable loans in communities that most need access to credit; their combined loan/share ratio is 77%.**
- **CDFI credit unions have more than \$80 billion in loans outstanding.**

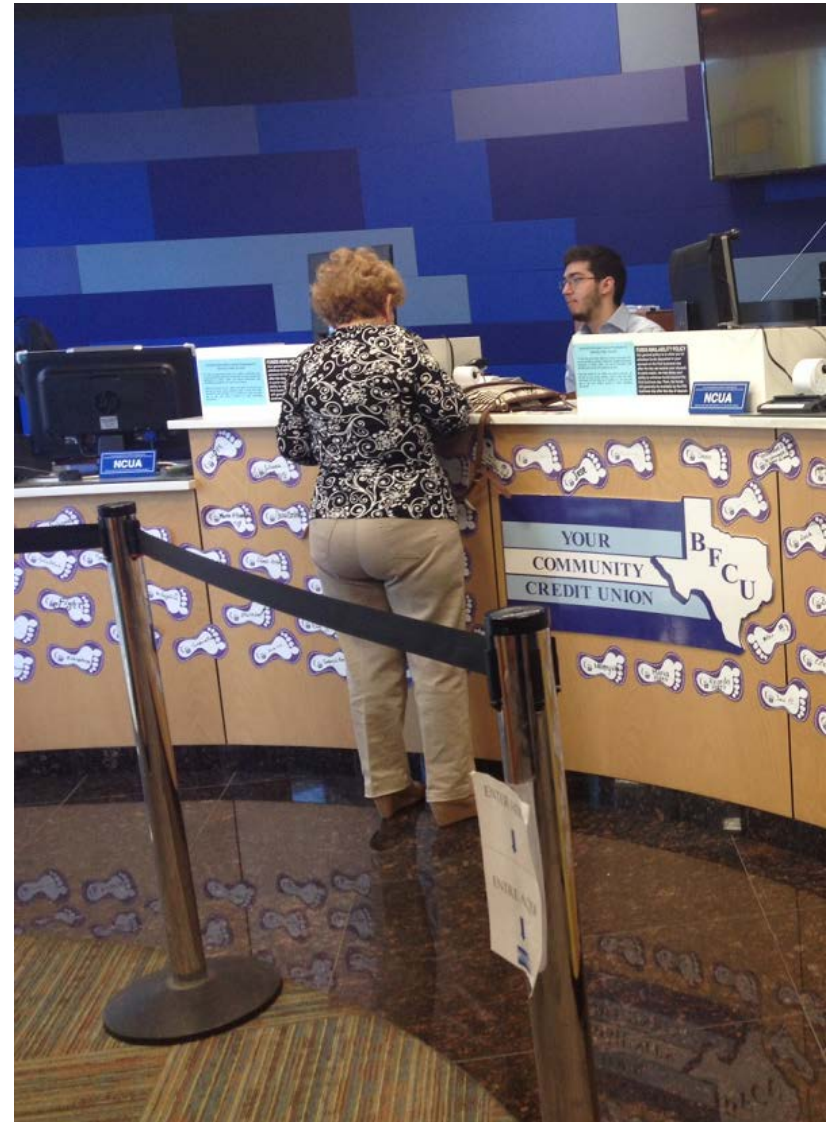
## CDFI CREDIT UNIONS PROMOTE FINANCIAL WELLNESS



**Nick is the founder of Creativity Kitchen, a hands-on program that teaches Jackson Public School students about healthy eating. A home financed with a loan from Hope Credit Union represented something much more to Nick than buying his family their first home. "The majority of the men in my family didn't make it to age 42. They died of alcoholism, high blood pressure and unhealthy lifestyles. No one in my family had ever owned a business or a house. HOPE didn't just give me a mortgage loan. HOPE helped me create a new family legacy."**

## CDFI CREDIT UNIONS CLEAN UP POOR CREDIT REPORTING

When Yago moved to the U.S. he opened a savings account at Border Federal Credit Union and discovered his credit report included false information. Diana, a Border Financial Counselor, worked with Yago on an action plan to correct his report, including dispute letters, phone calls to creditors and filing police reports. It took a year, but Yago was finally able to clear all negative and incorrect information from his credit report. Now, he regularly refers family and friends to the counseling department, praising their knowledge and ability to provide simple solutions to complex problems. Border is a Juntos Avanzamos designated credit union, committed to empowering Hispanic consumers.



## **CDFI CREDIT UNIONS PARTNER WITH COMMUNITY ORGANIZATIONS**

**Government Printing Office Federal Credit Union and DC Central Kitchen have joined forces on a Culinary Job Training Program. Students accepted into the program come from diverse backgrounds with histories of incarceration, substance abuse, homelessness or long-term joblessness. Weekly stipends are provided to offset students' personal expenses during the 12-14 week program. To encourage asset building, GPOFCU offers a Starter Investor Account for students to save a portion of their stipend. Even if it's just \$2 a week, students begin saving for their financial goals and take steps to build assets. Richard, John and Anthony are rebuilding their credit with a Fresh Start Secured Visa credit card.**



## CDFI CREDIT UNIONS HELP SENIORS AVOID FORECLOSURE



**After retiring, Geraldine was determined to remain in the Cleveland home where she'd raised her family. But her fixed income made it difficult to cover the bills when property taxes were due, and before she knew it, she'd fallen behind. Geraldine turned to the Faith Community United Credit Union and ESOP (Empowering and Strengthening Ohio's People) Senior Property Tax Loan program for help. "I had to make some adjustments, but now I can pay my bills, and I don't have to worry."**



**At Inclusiv, we believe that financial inclusion is a fundamental right. We dedicate ourselves to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities. Inclusiv is a certified CDFI intermediary that transforms local progress into lasting change. We provide capital, make connections, build capacity, develop innovative products and services, and advocate for our member CDFI and community development credit unions. Inclusiv members serve over eight million residents of low-income communities across the US and hold over \$92 billion in community controlled assets.**



**CATHIE MAHON  
CEO/PRESIDENT  
CMAHON@INCLUSIV.ORG**

**CLARISSA RITTER  
VP OF MARKETING AND COMMUNICATIONS  
CRITTER@INCLUSIV.ORG**