DACA & Citizenship Lending

“Financial Inclusion for Immigrant Consumers”
National Federation of Community Development Credit Unions

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About SHFCU

- Self-Help FCU chartered in 2008 to provide credit union services to underserved communities in California
- Part of Self-Help, a leading CDFI based in Durham, NC
- Mission: Creating and protecting ownership and economic opportunity for all, especially people of color, women, rural residents and low-wealth families and communities
- Rapid Growth: 8 mergers in California and Chicago to preserve and grow credit union operations serving underserved communities
- Snapshot
  - 23 Branches
  - 250 Employees
  - 58,000 members
  - $588 million assets
Dreamer Loan

Opportunity for borrowers
- Can apply for deferred action quickly
- Can build 12-month credit history
- No need to borrow from family or high-cost lenders

Opportunity for Self-Help
- To fill a need - banks not providing small dollar loans and payday lenders charge an average of 300% APR
- To serve our current members, attract new members, and set borrowers up on a path for financial success — building loyalty and strong members for the future
- To build relationships with community partners
Dreamer Loan

- Launched November 2012
- Loan basics
  - $465 – cost of application for DACA
  - 8% interest rate
  - 12-month term
- Raised grant funding to support LLR, partner development, and interest rate reduction
- Results
  - 773 loans as of 12/31/14
  - Borrower default rate 20%
  - Overall charge off rate 12%

GET $50
Towards Your Deferred Action Application!

If you are ready to apply for Deferred Action but don’t have the $465 application fee, we are here to help!

Our Dreamer Loan is an easy and affordable way to cover the cost of the deferred action application. And for a limited time we will deposit $50 towards your loan so that you would only have to finance $415. Hurry offer expires 12/31/2014.

To apply visit any of our following locations:

- **BAY AREA**
  - 1001 W. Amador Canyon Rd.
  - 3225 W. 13th St.
  - 3850 Mission St.
  - 1000 S. Fourth St.
  - 500 S. Third St.

- **CENTRAL CALIFORNIA**
  - 7200 E. Foothill Blvd.
  - 6140 W. Lincoln Ave.
  - 4850 W. Broadway Blvd.
  - 200 W. San Joaquin St.
  - 1530 E. Main St.

- **CHRENO**
  - 920 W. Third St.
  - 1200 S. Virginia St.
  - 920 W. Second St.
  - 535 E. Fourth St.

Make sure to bring the following:
- Completed Deferred Action Application or letter from selected legal service provider
- Photo ID (Passport, Mexican Consular, Student ID)
- Proof of physical address (utility bill, cell phone bill, etc.)
- Proof of income (Paycheck, tax return, W2, letter of employment)
- Reference information (name, phone number, address)

Dreamers under the age of 18 may apply with the help of their parents.
Community Partners are **key**

In CA nearly 30% of Dreamer Loans come from Top 5 partners

- 30 loans- Mexican Consulate (San Jose, Los Angeles)
- 27 loans- Catholic Charities
- 26 loans- El Concilio
- 21 loans- CHIRLA
- 20 loans- UFW
Citizenship Loan

Basics

- Launched March 2014
- $680 – cost of application for U.S citizenship
- Can borrow up to $1,000 to cover nonprofit or legal services
- up to 4 applicants per loan
- 12% interest rate
- 12, 18, or 24 month term
- 16 loans as of 12/31/14
Key Lessons Learned

Loan volume
- Strong community partners are key
- Internet and earned media also effective
- Word of mouth is powerful if experience is good
- Ease of process is critical - lost applicants in move from partner to branch

Loan Performance
- Financial education is critical - importance of building good credit
- Better staff training - Self-Help branches and partners
  - repayment options and loan mechanics
  - basic financial education
Executive Action — Nov 2014
Self-Help Strategy

- **Direct lending**
  - 43 SH branches in CA, IL, NC

- **Lend through Trusted Community Partners**
  - Work with 20 to 50 partners with established relationships with immigrant communities
  - Immigrant advocacy/service orgs, Legal Services, SEIU, CDFIs, faith-based
  - Implementing remote loan application software to enable loan process completion at partner location

- **Support national efforts to effectively meet deferred action lending demand**
  - Share our experience with interested credit unions and other responsible lenders
  - Join advocates with the voice of a direct lender
Executive Action Lending
Current Status

This is a work in process

Loan terms (tentative)
- DACA: $465; 12 months; 12%; $35 application fee
- DACA Plus: Additional funds for application assistance (amount TBD)
- DAPA/DAPA Plus: TBD when program announced

Underwriting being developed
- Ability to repay (income; employment verification; DTI)
- Working to streamline (to reduce costs)

Other priorities
- developing on-line application
- building partner relationships

Program launch targets
- Late Feb: soft launch with expanded DACA
- Late May: full launch with start of DAPA
Executive Action Lending
Project Economics

- We do not expect these loans, by themselves, to be profitable
  - Revenue is minimal: about $80 on $665 loan
  - Costs include application, loan set up, servicing, collections, losses, program development, and staff training

- But…
  - We are working to improve processes to reduce costs
  - We believe grants can be secured to subsidize some cost components
  - We will be building loyalty and strong future members — it’s an investment