Consumer Financial Services Webinar Series

Webinar #3:

Strengthening CDFI Borrowers through Credit Reporting
August 11, 2015  1:00 – 2:00 PM ET
Agenda

- NEXT Awards and Consumer Financial Services Webinar Series
- Why Credit Building?
- CBA programs
- Rapid Response Team service
- Q&A
Presenters

Beth Lipson, EVP, Strategic Initiatives
Opportunity Finance Network

Dara Duguay, Executive Director
Credit Builders Alliance

Michelle Parker, Relationship Associate
Credit Builders Alliance

Derek Williams, Program Manager, Entrepreneurship
The Rural Center

Diana Avellaneda, Program Manager for Lending
Latino Economic Development Center
2015 NEXT Awards and Consumer Financial Services Webinar Series

• Year-long Awards program

• Goals
  – Take CDFIs to the next level of growth and impact
  – Increase visibility of CDFIs and the work they do
  – Combine financial support, visibility, learning, and sharing

• 2012-2016 theme of expanding coverage
  – 2015 subtheme: consumer financial services

• The Consumer Finance Webinar series to set the context for and support the theme of consumer financial services
2015 NEXT Awards and Consumer Financial Services Webinar Series

Past webinars:

• Webinar #1: Current Trends in Consumer Behavior and Financial Products

• Webinar #2: Lessons Learned in Developing, Innovating, and Scaling Consumer Financial Products and Services

Next Webinar:

• Building a Small-Dollar Loan Product
  Tuesday, September 15, 2015, 1:00 – 2:00 PM ET

Listen to the webinar recordings and register for the next webinar at nextawards.org/awards
Why Credit Building? Increases Access & Options

- Where we live
- How we store & manage our money
- How we get around
- The cost of household/personal needs
- What and how much we pay for credit
Why Credit Building? Increases Opportunity

DISCREDITED

• 47% of all employers conduct credit checks on job applicants
• 1 in 10 report being denied a job due to negative information on their credit report
Why Credit Building?
Improves Asset Building Options

- Home-ownership
- Small Businesses
- Higher Education
Why Credit Building?
INCREASES SAVINGS

<table>
<thead>
<tr>
<th>Score</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;620</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>620</td>
<td>5.6%</td>
<td>$1,153</td>
</tr>
<tr>
<td>760</td>
<td>4%</td>
<td>$960</td>
</tr>
</tbody>
</table>

Potential Savings over each month = $192
30 years = $69,280

Source: www.myfico.com
Why Credit Building?
Catch-22

I can't get credit because I have bad/no credit
because I can't get credit.
Good Credit is an Asset
What is Credit Building?

Credit Repair = fixing negative history

Credit Counseling = dealing with current crisis

Credit Building = creating opportunities for future financial success
Experian Analysis
CBA members over a two year span

• The overall CBA population includes a significant high risk population with 39% considered subprime

• Without the CBA trade, consumer who pay as agreed would experience score decreases and shifts into less desirable credit risk segments:
  ➢ 11% more subprime consumers
  ➢ 8% fewer prime consumers
Experian Analysis
CBA members over a two year span

• Consumers who open a CBA trade and pay as agreed can grow their credit history over time:
  ➢ 58% experienced score increases 24 months from the CBA trade open date
  ➢ The prime population increased by 5% over 24 months
  ➢ Over 73% of consumers increased their active, open trades
CBA’s Credit Building Platform

Reported to consumer and business credit bureaus every month by over 160 members

26,763 Trade Lines

8 Affordable Housing Organizations
- Rent Reporting
- Credit Coaching/Education

CBA Reporter
CBA Business Reporter
CBA Rent Reporter
CBA Access

$749 million
84,480 Credit Reports Pulled

For financial counseling, underwriting & outcome tracking in October
Do you provide financial education?
CBA Access

Client Benefits

- Awareness about credit report importance.
- Grasp credit strengths and weaknesses.
- Confirm personal and account information.
- Check for identity theft and inaccuracies.
CBA Access

Organization Benefits

• Pair reports with education for maximum asset building.
• Track education outcomes and success.
• Support best underwriting practices.
• Increase funding opportunities and partnerships.
• Access to CBA’s member community.
The CBA Advantage

- Streamlined TransUnion and Experian application process to bureaus for soft- and hard-inquiry reports.
- Waived monthly fees and minimum requirements.
- Reduced set-up, site-visit, and credit report pricing.
- Ongoing technical assistance and member education opportunities.
- Credit report interpretation and compliance assistance.
- New!!! Credentialing to access Clarity ChexAdvisor reports (coming in the fall)
What It Takes

• Non-profit designation.
• Credit-building mission.
• Established program(s) and office space.
• Dedicated staff time/resources. Data Security/Compliance.
• *Permissible purpose(s) – lending and financial education.*
• Supporting documentation.
• Lending license or exemption for lenders using reports.
Do you provide loans?
Consumer & Small Business Benefits

- Consumer reporting to Experian, Equifax and TransUnion to build consumer credit for a more affordable future.
- Business reporting to Dun & Bradstreet and Experian Business to build commercial credit for long-term business growth.
- Reward timely clients and businesses while holding delinquent ones accountable.
- Positively impact consumer behavior and outcomes.
- Foster consumer loyalty to credit-building products.
What It Takes

- Non-profit designation.
- Credit-building mission.
- *Commitment to long-term lending and reporting.*
- Established program(s) and office space.
- Data security/compliance.
- Dedicated staff time and resources.
- Supporting documentation.
- *Metro 2 software.*
- Lending license/exemption.
The CBA Advantage

Invest in your Credit Building Capacity!

Join our CBA Credit Builder Community©

The greatest source of credit building expertise lies in the combined experience and knowledge of practitioners on the ground.
Free CBA Site Visits thanks to...

CBA received a grant that allows us to send a master trainer from our Rapid Response Team (RRT) to your organization for a site visit. During this visit our trainer will:

- Help your organization with setting up and getting ready to start reporting your loan portfolio to the major Credit Bureaus.
- Go through the obligations as a data furnisher required under the Fair Credit Reporting Act (FCRA).
- Review the consumer dispute process & how to respond.
- And more. Just call us and we can start the process.
Meet our Trainers!

Diana Avellaneda

- Program Manager, Lending at the Latino Economic Development Center (LEDC) in Washington, DC
- Became a RRT Trainer in early 2015
Meet our Trainees!

Derek Williams

• Program Manager, Entrepreneurship at the North Carolina Rural Economic Development Center (NCREDC) in Raleigh, NC
• Received RRT training in July 2015
Get Started with CBA!

Write or call to get started!

CBA Membership Team
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Type questions into the question box located in your GoToWebinar panel.