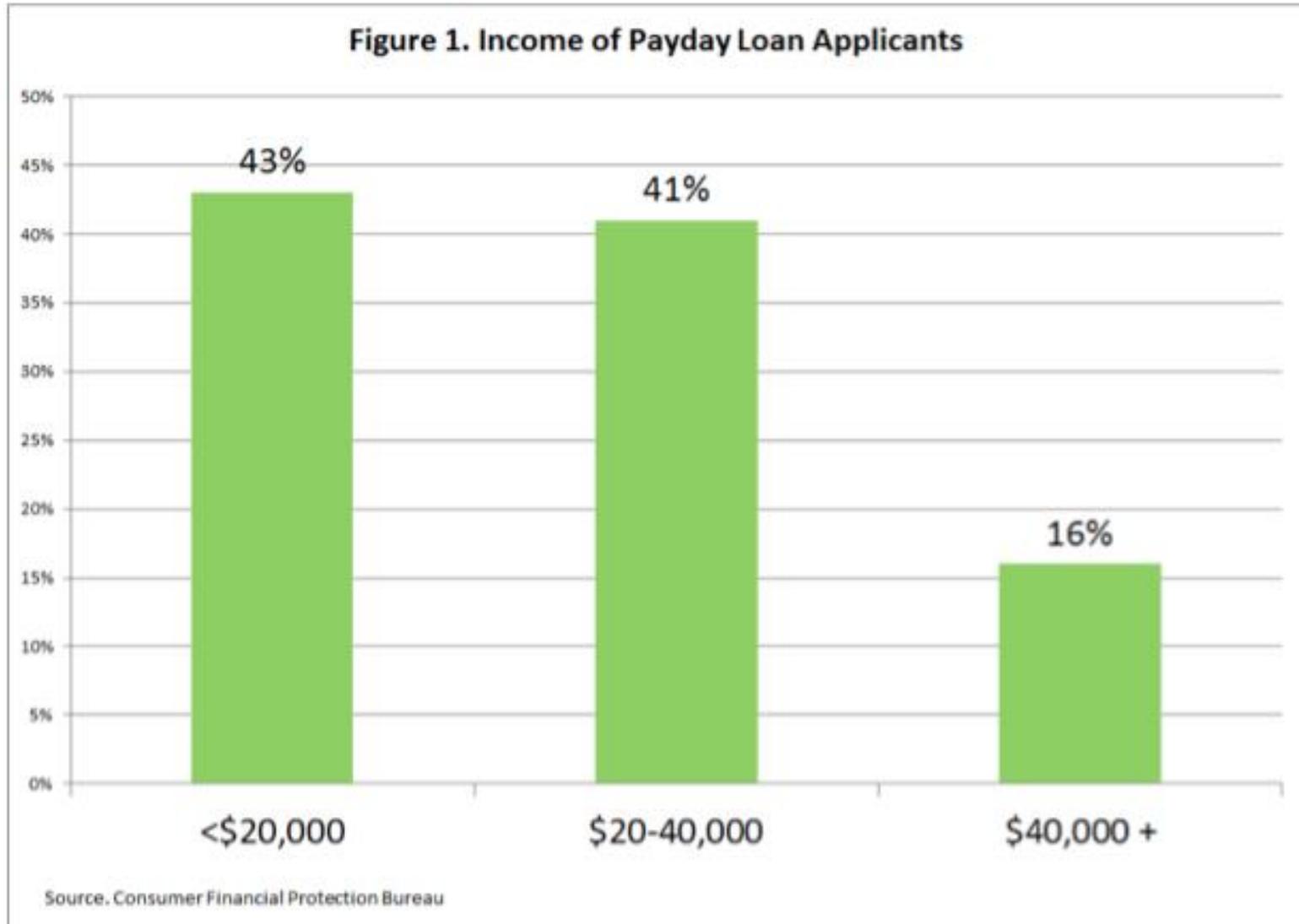




Introduction & Overview

Payday Borrowers Income



The Solution: Community Loan Center

- **Alternative: Market-Based Approach**
 - Fairly priced small-dollar loans with reasonable terms
 - Direct competition to high costs lenders
 - Employer based loan to workers
- **Sustainable and Scalable**
 - Need a program that can outgrow the need for subsidy and generate revenues
 - Program designed to be replicated across state and beyond

How Community Loan Center loan works

- Loan program is brought to each community by a Community Loan Center (CLC) local lender
- Each CLC lender raises their own loan capital
- CLC explains loan program to local employers
- Employers offer loan program to employees as a fringe benefit (at no cost to employer)
- Employees apply for loan online
- Employers verify employment
- Loan is approved by CLC and funds are wired into employees bank acct-usually within 24 hrs
- Borrowers makes loan payment through payroll deduction
- Loan payments deposited in Local CLC account

Community Loan Center Terms

- \$1,000 Loan Maximum
 - Or up to half of borrower's monthly gross pay
 - One Year Loan term
- 18% Interest (21.83% APR)
- \$20 origination fee
- Relaxed underwriting
- No collateral
- No Prepayment Penalties
- Reports to Credit Bureaus
- Repayments \$23.38/week or \$94/month

Small Dollar Loans Comparison

	Affordable Small Dollar Loan	Payday Loans
Loan Amount	\$1,000	\$1,000
Administrative Fee	\$20	\$0
Term	12 months	14 to 30 days
Interest Rate	18%	n/a
Financial Fee	n/a	\$300 * / \$600**
Total Interest/Fees	\$122.16	\$900
Annual Percentage Rate	21.8321%	782.14%
Monthly Payment	\$93.51	\$1,300 due in 14 days

*1st 14 day fee is \$300, if renewed an additional \$300 fee is required.

**If loan is extended (as indicated by research) two times.

Who We Are



Texas Community Capital

CLC Program Success

- 792 Loans in first year of Operation in Brownsville
 - Over 2,300 loans to date
- Active at 35 employers covering 3,500 employees
 - Moving into public sector
- 5% Loan Loss
- Originated over \$2 million to date
- Broke even and showed a profit in first year

Program Goals and Impacts

- Short Term: create successful program that has real impact in workers lives.
 - 10 Licensed CLC Lenders in 24 months
 - 10,000 loans in 24 months
- Long Term: provide readily available alternative to payday and title loans.

Next steps

- Talk to employers about offering this program to their employees
- Need contributions for operating support
- Invest loan capital for Local CLC Loan Pool
- Invest capital for a Statewide Loan Pool
 - Grants, Program Related Investments, Lines of Credit, etc.
 - \$1.5 million Goal

CLC Advisory Committee

- Ann Baddour, Texas Appleseed (Chair)
- Woody Widrow, RAISE Texas
- Nick Mitchell, Rio Grande Valley Multibank
- Tom Wilkinson, Brazos Valley Council of Governments
- Don Baylor, Center for Public Policy Priorities
- Kevin Jewell, Research Consultant
- Debbie Taylor, Citi Bank, Community Development
- Susan Hoff, United Way of Metropolitan Dallas
- Eliza Platts-Mills, Univ. of Texas, Comm. Dev. Law Clinic
- Alfreda Norman, Federal Reserve Bank of Dallas
- Shannon Van Zandt-Community Dvlpmt professor, TX A&M
- Catherine Meyrat-micro-lending consultant

Statewide Expansion

To date, we have CLC partners in the following areas:

- Rio Grande Valley
- Laredo
- Houston
- Austin
- Dallas
- Brazos Valley Council of Governments area
- Discussions with El Paso, Waco, Ft. Worth, San Antonio, Denton and Midland



Contact

Howard Porter
Texas Community Capital
2200 East Martin Luther King Jr. Blvd.
Austin, TX 78702
512.916.0508
Howard@TCCapital.org