

Community Investments Vol 15, Issue 3 A Credit Union from the Ground Up

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November 2003

In addition to her work with the National Housing Law Project, Maeve Elise Brown volunteers for the People's Community Partnership Federal Credit Union as board chair, fundraiser, active participant on the marketing and education committees, and financial literacy teacher. Other volunteer work includes developing a project to protect seniors from predatory mortgage lending.

CI: What was the impetus behind starting the People's Community Partnership Federal Credit Union?

MB: In 1996, Sandy Turner, a 30-year resident of Oakland, California, approached the East Bay Community Law Center (EBCLC) to solve the growing problem of people on welfare not being able to access bank accounts. And it wasn't just persons receiving welfare. Apparently, a series of bank mergers over a 10 to 15-year period had resulted in branch closures in low-income neighborhoods throughout Oakland leaving community members from all walks of life without basic banking services. Some neighborhoods, such as West Oakland, had not seen a bank branch since the 1960s.



CI: Why did you get involved?

MB: Like many other nonprofit law offices, EBCLC focused on eviction defense, as well as other housing and public benefits issues. Our office had never worked on an issue even remotely similar to banking issues, and I had not worked on anything similar at my previous job. However, I had been brainstorming with the director about the importance of addressing broader, systemic problems that made it difficult for our clients to escape poverty. The least I could do was talk to Sandy and try to understand the problem. I learned that there were other community members concerned about the same issue, so I offered to host a meeting to gather more information. Thus began my four-and-a-half year journey into the research, planning, organizing and development of what ultimately became People's Community Partnership Federal Credit Union (People's).

CI: What came out of this first meeting?

MB: The initial group of eighteen who came together consisted of representatives from various community-based organizations, the county social services department, and other concerned community members who

were discontented about the lack of access to basic financial services. A few folks at the table had already considered the idea of a credit union but did not understand the difference between various types of credit unions, much less how to form such an entity.

CI: Once you realized that there was momentum around the idea of a credit union, what was your first step in moving the idea forward?

MB: Sandy invited a speaker who had participated in the organization of what became Santa Cruz Community Credit Union. His insights helped the group begin to believe that such an entity was indeed the right vehicle to address the needs of low-income people for financial services. Next, we faced the real work: the nuts and bolts of the formation process. This process entailed several critical questions including whether to be state or federally chartered and how large of a service area we could manage.

CI: What role did you play in the process of getting the credit union launched?

MB: Following a community lawyering model, at first I believed it was my role to simply take direction from this group of people who were coalescing into a working body. When a couple of the group's participants acquired funds from a national bank closing a neighborhood branch, the group decided to use those funds to pay a consultant who had participated in the formation of a credit union in Los Angeles. After about a year and a half, the funds were gone, and progress had been made, but a great deal of work remained to be done. I came to realize that the concept would not reach fruition if I did not take more of a leadership role. The group of community members became an advisory committee to me, and I reported back to them at meetings rather than expecting them to spearhead formation efforts. My students and other volunteers were invaluable to completing the

important work necessary to getting the credit union chartered and the doors open.

CI: What resources did it take to accomplish this process?

MB: Over the course of the four-and-a-half years it took from the first meeting with Sandy to the day the National Credit Union Administration granted our charter to become a community development credit union, I along with students from the East Bay Community Law Project and other volunteers conducted market research, surveyed community members, researched federal regulations, developed a business plan and raised funds. Meanwhile, the advisory group of community members continued to talk up the entity and request support to whatever extent they could through their existing networks. All told, a very long list of volunteers contributed invaluable work in getting the doors of the credit union open.

CI: What were the other critical aspects or challenges of bringing People's to the people?

MB: We had to raise just that much more money in preparation for opening doors to an office that was not going to operate in the basement of an existing nonprofit. We wanted to hire an experienced manager, as well, which further increased our up front funding needs. With all of that planned for, we chose to open our doors in West Oakland, the neighborhood most in need of financial services in the city of Oakland.

CI: What did you see as the most significant benefits to being chartered as a community development credit union as opposed to a different structure?

MB: Our designation as a low-income CDCU means that our dedication to serving low-income people is built into our structure. In addition, we are

managed by members, which also keeps us true to our mission. We then went the extra step of obtaining both state and federal community development financial institution (CDFI) status, which permits individuals and corporations to receive tax credits and other advantages for investing in us.

CI: What is the core membership of People's?

MB: We are more than fulfilling our mission of serving Oakland's low-income residents. Approximately 75 percent of membership is low- or very low-income. A majority of our members were "unbanked" before joining People's. In other words, they had not had a bank account for at least three years, if ever. Approximately 60 percent of our membership have been listed on ChexSystems (a bounced check reporting database used by a majority of banks to determine whether to open a new account). People's does not exclude persons with a ChexSystems' record from having an account. Anyone who lives, works, worships or volunteers in Oakland's flatlands may join People's Community Partnership.

CI: How have you been so successful in reaching a group historically resistant to banking with traditional institutions?

MB: Word of mouth continues to be the number one way in which People's attracts new customers. From January 2003 to the present, we have more than doubled our membership for a total of almost 900 members. Outreach has included community walks through the local neighborhoods, participation in fairs and other community events and presentations at community meetings. We have not advertised much in any media as yet because we believe that it is the reputation and trust that we build with our members that are the best advertising of all. Community members come to us with horror stories about how they were treated by whatever institution they banked with previously. It may sound corny, but it seems to be true

that treating members with dignity and personal attention has been a large part of our success. Residents hear about us from friends and family and are willing to walk through the doors and give us a try.

CI: What services do you offer your members?

MB: To meet our mission of reaching the unbanked, we built into our business plan the goal of carrying cash early on in our existence. In researching the types of services that other community development credit unions provide, I was struck by how many of them had chosen not to carry cash. In other words, at the time of our organizing PCPFCU, there were CDCUs over 20 years old that had never been able to cash member checks. Instead, they issued vouchers that members would carry to a bank to be cashed. Our decision to make sure that we undertook the proper security measures and training to be able to cash checks was non-negotiable. Within fifteen months of opening our doors, we began cashing member checks. That service, in conjunction with small, affordable loans including auto loans enables our members to rely on us for all their basic banking needs.

CI: When you say small loans, what is your upper limit and what percentage of your members are actually qualified?

MB: The most time-intensive part of our services is our loans. The majority of our membership does not have a great deal of uncommitted income, and a significant percentage also has credit problems. We spend a considerable amount of time helping members understand the process of improving their credit and structuring debt. The education portion of the loan transaction is vital to meeting our mission. Members may borrow up to \$3,500 for a personal, signature loan. We offer other types of loans as well that allow members to build or repair credit.

CI: People's is to be commended for filling the gap in banking services. Where do you go from here?

MB: Credit union members have listed ATM service as a number one priority; and there are community members who will not join until we offer that type of remote access to their funds. We are in negotiations with providers so that we can offer this service by the end of the year. In the meantime, we are working to expand services to meet the needs of immigrants. We need to increase our staffing and establish a presence in neighborhoods to the east of us.

We are also about to embark on what is at least for us a large-scale media campaign as an experiment to see who it attracts. We may learn that for the unbanked, it is still word of mouth that wins the day.

CI: This all sounds very ambitious. Will you be able to accomplish this with your current operating budget?

MB: Raising capital through investments and grants is essential to our being able to have a physical presence in other neighborhoods in the near-term and expand membership. Individuals and institutions interested in investing in us through California's CDFI program can claim a significant tax credit, while other vehicles such as the federal Bank Enterprise Award program also provide an economic benefit to banks that invest with us. We also seek talented people to volunteer on our committees and/or to assist with specific tasks within the office.

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Biography



Maeve Elise Brown is a staff attorney with the National Housing Law Project (NHLP), working on a range of issues that includes Section 8 Homeownership, voucher utilization, and income discrimination. In 2003, Maeve Elise launched NHLP's new predatory lending initiative, a joint project with the National Consumer Law Center under which both programs are working to expand the pool of advocates available to assist low-income consumers who have fallen prey to abusive lending practices. Building on this effort, Maeve Elise has also devoted attention to assisting the City of Oakland in the development of its own predatory lending initiative and is working to form a regional collaborative with other groups in Northern California that are working to combat this problem.

Prior to working at NHLP, Maeve Elise served as director of the community economic development unit (which she helped to form), and director of the housing unit for the East Bay Community Law Center (EBCLC). A major project realized under Maeve Elise's leadership was the planning, development and start-up of the People's Community Partnership Federal Credit Union (PCPFCU). Maeve Elise is board chair for PCPFCU, spearheads fundraising for the credit union, and serves on the education and marketing committees.