MITCHELL BANK

Mitchell Bank
"New Americans" Loan

The "New Americans" loan is a personal signature loan to be used to pay the U.S. Citizen and Immigration Service (USCIS) filing fees associated with becoming a citizen of the United States of America. It is anticipated that the USCIS application and associated fees for naturalization may be substantially increased in the near future. Individuals considering application for citizenship are encouraged to process their application before the proposed increase in fees. This loan product will also be available to cover fees if increased by USCIS.

Criteria:

- Lawful permanent resident of the United States (LPR);
- Copies of application and related documentation will be required;
- Loan purpose is solely for the payment of filing and associated fees for citizenship applications;
- Must be a current Mitchell Bank customer or open a deposit account with the Mitchell Bank (savings or checking);
- Completion of simplified loan application.

Loan Terms

- Loan amounts up to $1,500.00 per family.
- Loan proceeds will be paid directly to U.S. Citizen and Immigration Service (USCIS).
- 10.25% APR.
- Rate reduced to 10.00% APR with automatic payment from Mitchell Bank account.
- No loan or application fees.
- No prepayment penalty.
- 12 or 6 month term and amortization. (12 or 6 equal monthly payments of principal and interest)

Example of 12 month Loan Payments

Loan Amount	$400.00	$500.00	$750.00	$1,000.00
10.00% APR* Monthly Payment	$35.17	$43.96	$65.94	$87.92

Example of 6 month Loan Payments

Loan Amount	$400.00	$500.00	$750.00	$1,000.00
10.00% APR* Monthly Payment	$68.62	$85.78	$128.67	$171.56

For more information please contact Kiara Ramirez, Branch Manager, at (414) 645-0600.

Member FDIC. *All Annual Percentage Rates shown are for approved credit and are fixed for the term of the loan. Rates are subject to change at anytime. Effective March 19, 2007.

EQUAL HOUSING LENDER

Mitchell Street Office – Corporate Headquarters
1039 West Mitchell Street • Milwaukee, WI 53204
Phone: (414) 645-0600 • Fax: (414) 645-4020

www.mitchellbank.com • Finding Solutions Since 1907

MITCHELL BANK

PAYDAY ALTERNATIVE LOAN (PAL)

There is an increasing demand for an affordable, lower-cost alternative to predatory payday loans. Mitchell Bank offers this small dollar loan product to low-and moderate income bank customers, the underserved market and customers with limited or poor credit histories, with the objective of helping consumers avoid reliance on high-cost debt. It is believed that providing a reasonably priced payday alternative loan to our existing customers will help retain these customers, assist in building multiple account relationships with them and provide new and expanded opportunities for financial education.

Most consumers turn to high-cost payday loans because they are easily accessible, strategically marketed and provide quick access to needed cash. Because of a lack of alternative bank products, they are forced to borrow at excessive interest rates and are subject exorbitant fees for loans of short duration. Mitchell Bank offers this payday alternative loan as a cost-effective, responsible, safe and sound product that is responsive to customer's needs.

PRODUCT DESCRIPTION

The following is a description of the product terms and features:

Loan Amounts:

Minimum loan amount of $300.00
Maximum loan amount of $1,000.00
Amount of loan can be any dollar amount between the minimum and maximum loan amount in one hundred dollar multiples.

Loan Term:

6 months with full monthly amortization; **or**
12 months with full monthly amortization.

Annual Percentage Rate (APR):

The APR will range from 15.0% to 22% dependent on credit score and other underwriting criteria.
Loans to individuals having a credit score between 570 and 620 will have an APR of 18.5%; Loans to individuals having a credit score above 620 will have an APR of 15.0%. Loans to individuals with a credit score below 570, if offered and qualified as set forth below, will have an APR of 22.0%.

If there are co-applicants a credit report will be obtained for both applicants and the interest rate will be based on the higher of the two credit scores, subject to the bank's discretion to deny the loan and/or impose additional conditions or criteria, including a higher interest rate, if either applicant's credit score is below 570.

Application/Origination Fees:

$12.00; an additional application fee of $8.00 will be assessed if there is a co-applicant.
Application/Origination fees are assessed to cover the cost of obtaining credit reports.

Prepayment Penalties:

None

Security/Collateral Required:

None

Annual or Maintenance Fees:

None

Late Fees:

$10.00
Late fee assessed on loan payments which are 10 days delinquent.

Type of Loan:

This is a fully amortizing installment term loan.
For the purpose of the pilot program, the only loan offered will be a closed-end credit (term loan). An open-end credit may be offered at a later time depending on the customer demand and bank management deeming such a product necessary. The bank is also considering offering a very short term (60 day) single payment non-amortizing loan limited to $300.00 for designated emergencies such as vehicle repairs, medical and other documented short term financial emergencies.

Loan Restrictions:

A borrower can have no more than two Mitchell Bank payday alternative loans within a 12 month period. There will be no additional loan approved unless and until the prior loan has been paid in full. There is a three month waiting period between loans. There will be no rollover, renewal, refinancing or other extension of the terms of the loan.

Minimum Customer Tenure:

6 months
Applicant must be and have been a Mitchell Bank customer with a checking and/or savings account for a minimum of six months to qualify for the Mitchell Bank pay day alternative loan. This tenure requirement may be waived based upon a higher credit score (over 670), a stable work history and satisfactory debt to income ratios.

Direct Deposit and Automatic Transfer of Loan Payments:

Borrower must have direct deposit of a payroll or benefit check to their Mitchell Bank checking or savings account. The borrower will be encouraged to authorize automatic transfer of monthly loan payments from borrower's Mitchell Bank account. In the event that automatic transfer of loan payments from the borrower's account is not authorized, the interest rate will increase by 2%.

If the customer is not currently set up for direct deposit for payroll or other benefit receipts, then the bank representative must complete the direct deposit forms at time of application.

Savings Component:

Mitchell Bank will require that the borrower set aside 10% of the amount borrowed in a designated savings account with withdrawals restricted and requiring prior authorization. The funds in this designated account will become available to the customer once the Mitchell Bank pay day alternative loan has been paid off. However, the customer will be encouraged and perhaps offered an incentive to keep the saving component in the designated account after repayment of the loan.

The designated saving account will have an interest rate 1% higher than the then applicable interest rate on the bank's passbook or statement savings accounts. This higher rate of interest shall continue on the balances maintained in the account after the loan has been repaid.

If the bank makes a loan to an individual with a credit score below 570, the borrower will be required to set aside 20% of the amount borrowed in a designated savings account. These funds will serve as a pledge against the loan and are subject to the bank's right to set off.

Underwriting Criteria:

In order to qualify for the Mitchell Bank Payday Alternative Loan, applicant must have been a customer of Mitchell Bank for a minimum of six months. Credit reports will be required for every loan application (the minimum credit score to be eligible for standard pay day alternative loan is 570). If the credit score is below 570, the borrower will be referred by the bank to the Consumer Credit Counseling Service of Greater Milwaukee

(CCCS) for face-to-face counseling and a written assessment of their financial situation. The borrower will be required to complete the recommended counseling and provide a written assessment of their financial situation. The borrower will be required to establish an acceptable financial plan and budget documenting the ability to make the required monthly loan payments before the loan can be approved. The borrower will also be required to comply with other terms and conditions as set forth below.

The borrower must have documented minimum monthly income of $1,000.00. The borrower will be required to provide Mitchell Bank with at least the last two pay check stubs from their current employer or evidence of the receipt of other benefits for the last two months. This pay check stub or benefit receipt requirement may be waived if the customer is already set up with direct deposit and the bank can verify a consistent (3 months or more) deposit of sufficient funds into their account from their employer or benefit provider. Current employment or other benefit sources must be verbally verified by the bank at the time of application.

The bank will require borrowers to sign a pledge that they will not incur another payday loan during the term of their Mitchell Bank loan. The borrowers will also be required to warrant and represent that they are not currently debtors under any proceeding in bankruptcy or insolvency and that they have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code.

Loans to Individuals with Less Than 570 Credit Score:

Within its sole discretion, Mitchell Bank will consider making payday alternative loans to individual with credit scores below 570 based upon additional conditions and terms as set forth below:

1. The borrower must meet all underwriting and customer tenure criteria set forth above, with the exception of credit score;

2. The borrower will be referred to the Consumer Credit Counseling Service of Greater Milwaukee (CCCS) for face-to-face counseling and a written assessment of their financial situation. The borrower will be required to complete the recommended counseling and provide a written assessment by CCCS. The borrower will be required to establish an acceptable financial plan and budget documenting the ability to make the required monthly loan payments before the loan can be approved.

3. The loan amount is limited to $500.00;

4. 20% of the loan amount must be pledged as security for the loan and deposited in a designated savings account.

5. Approval of the loan must be made by a loan officer of the bank;

6. The loan will have an APR of 22.0%;

7. The bank retains the right to deny the loan despite compliance with the additional criteria.

PRODUCT ADMINISTRATION

Application:

Borrowers will complete a short credit application with a Customer Service Representative (CSR), Branch Manager, or other Lender. Borrowers must also sign a *Borrower's Certification & Authorization*, allowing Mitchell Bank to obtain a credit report and other pertinent information. A copy of the payday alternative credit application is attached.

The goal is to make the approval process fast, convenient and efficient for both the borrower and the bank. To promote ease and accessibility, the customer service representatives on the floor will be empowered to approve loans meeting these guidelines without additional approval or oversight of the loan department.

Consumer Note:

At time of loan closing, customer will sign a promissory note for the Mitchell Bank Payday Alternative Loan. The note will specify the APR, set forth a schedule for all monthly amortizing payments, all repayment terms, late fees, and all other appropriate terms and conditions. The note will indicate that there is no prepayment penalty, and should also include the appropriate legal terms giving the bank rights to offset any and all deposit accounts in the case the loan should become delinquent. A copy of the MB Payday Alternative Loan note is attached

Collection Procedures:

In an effort to keep delinquencies on the pay day alternative loans to a minimum, a prompt intervention program for customers with late payments will be instituted. Collection procedures need to be in place starting with a phone call to the customer if a payment is missed or their bank account does not have sufficient funds to make the automatic payment. Collection efforts should be commenced as soon as a loan payment is three days late. If a loan is still past-due after three days, a notice needs to be mailed to the borrower requesting payment and that they contact the bank immediately.

Any and all collection efforts will be handled internally by appropriate bank representatives. (*Please note that all loans will have an automatic savings component with a hold placed on the funds until loan is paid in full. The note will also incorporate the feature of offsetting deposit accounts in the case of a collection).*

As an exception to our general loan policy, this loan is available to individuals who have filed either a Chapter 7 or 13 bankruptcy.

MITCHELL BANK
REFERRAL SHEET FOR PAYDAY ALTERNATIVE LOAN

To: Consumer Credit Counseling Service of Greater Milwaukee

From: Mitchell Bank

The Mitchell Bank customer identified below has applied for a payday alternative loan in the amount of $ ________, with an amortizing term of _________months. The projected required monthly payment will be $ _________. The applicant has a credit score of _________. The credit report is attached hereto and the customer has consented to the sharing of this information and report.

Prior to making a loan, Mitchell Bank requires that the applicant complete face-to-face financial counseling with CCCS of Greater Milwaukee and that CCCS make a determination that the borrower has the capacity to make the monthly loan payments and has a budget in place that will make that probable.

Please provide a credit counseling for:

Name ___________________________

Address: ___________________________

____

Telephone Number: ___________________________

Is a Spanish speaking counselor requested? Yes/No ______________

Requested by _____________________________ on _____________
Mitchell Bank

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Financial Institution Letters

Affordable Small-Dollar Loan Guidelines

The purpose of these guidelines is to encourage financial institutions to offer small-dollar credit products that are affordable, yet safe and sound, and consistent with all applicable federal and state laws. Because such products are in great demand, the FDIC would like to raise awareness that some institutions have found ways to offer them in a cost-effective, safe and sound manner.

These guidelines explore several aspects of product development, including affordability and underwriting. They also discuss tools, such as financial education and savings, that may address long-term financial issues that concern borrowers. Moreover, the guidelines address the FDIC's examination treatment of affordable small-dollar lending programs. Safe and sound small-dollar lending programs that comply with consumer protection laws will not be criticized by FDIC examiners. Importantly, the FDIC recognizes that the Community Reinvestment Act (CRA) provides a valuable incentive to offer affordable small-dollar loans. Institutions that provide such products consistent with these guidelines will receive favorable CRA consideration as outlined in the CRA section below.

Demand for Affordable, Reasonably Priced Small-Dollar Loans – An Opportunity for Financial institutions

The widespread repeat use of fee-based overdraft programs and the growth of payday lending[1] confirm that loans in small-dollar amounts are in strong demand. Consumers who make use of these products are institution customers because both products typically require consumers to have a checking account. Providing more reasonably priced small-dollar loans to existing customers can help institutions retain these customers and avoid the reputation risk associated with high-cost products.

In addition, affordable short-term loan programs, particularly those offered to LMI individuals and in LMI areas, may be used as a marketing vehicle to tap into the underbanked market. This strategy has been pursued by some financial institutions as one important part of a profitable, long-term, multiple-account relationship for these individuals that may also include financial education, workplace financial services, individual development savings accounts, foreign remittances, and other services.

Applicability of Subprime Lending Guidance to Affordable Small-Dollar Loan Programs

The FDIC recognizes that an affordable small-dollar loan program may need to serve customers who have poor or limited credit histories, or who would otherwise be characterized as subprime borrowers. However, the interagency *Expanded Guidance for Subprime Lending Programs*[2] limits the definition of subprime lending as a program with an aggregate credit exposure greater than or equal to 25 percent of Tier 1 capital. Accordingly, affordable small-dollar loan programs that fall under the 25 percent of Tier 1 capital threshold would not be expected to provide the additional capital. Given the nature of affordable small-dollar loan programs, the FDIC expects that such programs typically would fall under this threshold and would not warrant unusual examination scrutiny.

Features of Responsible, Affordable Small-Dollar Credit Programs

Some small-dollar loan programs are designed for a broad base of customers. Others are targeted to certain markets, such as military customers, employers, LMI customers, the underbanked, or customers with a limited or non-existent credit history. Still other programs are developed to address the regulatory recommendation articulated in prior guidance that financial institutions monitor customer use of products such as fee-based overdraft programs and, when usage becomes excessive, offer or refer a customer to a more suitable product.[3] The goal of all these programs is to enable insured institutions to better serve an underserved and potentially profitable market while helping consumers avoid, or transition away from, reliance on high-cost debt.[4]

When used comprehensively, the features described below can help institutions meet the goal of safe and sound small-dollar credit programs, which is to provide customers with credit that is both reasonably priced and profitable. Some standard products, such as lines of credit and closed-end installment loans, can be offered with features that make them particularly responsive to borrower needs. For example, lines of credit may be more responsive to individuals who need immediate access to credit when emergencies arise and prefer conducting such transactions privately. Where open-end credit is offered, products should be structured to require minimum payments of interest and principal that provide for the reduction of the outstanding loan over a reasonable timeframe. Where closed-end credit is offered, it should be structured to be repaid in affordable installments within a specified period. New products should be appropriate for the group of customers targeted, as well as compliant with all applicable laws.[5] Most importantly, however, credit should be provided in a manner that offers borrowers a meaningful opportunity to repay based on their circumstances.

Over time, borrowers should be able to improve their credit histories and graduate to other more significant asset-building loans, such as home mortgage loans and small business loans. We encourage institutions to make borrowers aware that they offer such products.

- *Affordability and Pricing*

  Lenders are encouraged to offer credit products with interest rates and fees that reflect associated risks, but remain affordable. To maintain a reasonable annual percentage rate (APR) and cover administrative and other expenses, an origination fee that bears a direct relationship to origination costs might be assessed. However, to help ensure that borrowers reduce outstanding principal, lenders are encouraged to minimize or eliminate charges such as annual fees, membership fees, advance fees, and prepayment penalties.

  Pricing may vary depending on the risk profile of the target group. For example, a number of institutions have developed affordable small-dollar credit programs with APRs that range between 12 percent and 32 percent with no or low fees. As permitted by state law, we encourage lenders to offer small-dollar credit with APRs no greater than 36 percent.

- *Encouraging Principal Reduction*

  Institutions are encouraged to structure payment programs in a manner that fosters the reduction of principal owed. For closed-end products, loans should be structured to provide for affordable and amortizing payments. Open-end products should require minimum payments that pay off principal. However, excessive renewals of a closed-end product[6], or the prolonged failure to reduce the outstanding balance on an open-end loan, are signs that the product is not meeting the borrower's credit needs.

- *Streamlined, Risk-Based Underwriting*

  Many consumers turn to payday loans and overdraft programs because these products are easily accessible and generally are more widely promoted than other more traditional, affordable loans. For many borrowers with emergency or other short-term needs, accessibility and expediency in the application process are important.

  Effective small-loan products balance the need for quick availability of funds with the fundamentals of responsible lending. Sound underwriting criteria should focus on a borrower's history with the institution and ability to repay a loan within an acceptable timeframe. Given the small-dollar amounts of each individual loan, documenting the borrower's ability to repay could be streamlined significantly for existing customers and may only need to include very basic information, such as proof of recurring income.

Insured institutions have the advantage of a pre-established relationship with most of the customers who now rely on non-insured lenders for short-term, high-cost credit. Community institutions often know their customers' credit needs because of frequent personal contact and awareness of the local economic situation. Relying on this internally obtained information can be particularly helpful not only in improving application turnaround, but in assisting consumers with little or no credit history obtain credit that they both need and can repay.

- *Maximization of Technology and Automated Processes*

Institutions may also rely on various automated programs that provide information on client usage of the institution's products and services, generating performance profiles that are useful in underwriting decisions. The use of existing platforms and technologies can lower the cost of providing small-denomination credit and make such programs economically feasible for insured institutions. For instance, an institution could establish a line of credit facility at the time a deposit account is opened, to be subsequently activated upon proper maintenance of the deposit account relationship for a period of time, such as several months. Some financial institutions with successful small-dollar loan programs use existing automated telephone banking systems, in-branch automated underwriting, and online applications for quicker, less expensive service. Finally, voluntary preauthorized transfers may help borrowers make regular payments.[7]

- *Savings Component*

Institutions may consider structuring small-dollar loan programs to include a savings component. For instance, a portion of a borrower's regular payment could be deposited into a savings account, or borrowers could set aside a percentage of the amount that they borrow in a designated savings account. The funds in this account could also serve as a pledge against the loan, as permitted by law. This approach encourages borrowers to create regular savings that lessen their reliance on short-term financing to meet unexpected needs. From the institution's perspective, it helps cultivate a banking relationship in which other financial services can be offered to the customer in the future. Some institutions may offer borrowers the option of combining their deposits with matching funds from a nonprofit or public agency through an Individual Development Account program.

- *Collaboration with Other Financial Institutions and Organizations*

Collaboration with other financial institutions or organizations, both for-profit and not-for-profit, may assist a financial institution to develop and implement a small-dollar loan program for its community. Some lenders have received grants from larger institutions to create loan loss reserves in an effort to provide more lending power to their small-dollar loan programs. Some lenders may help fund a revolving loan pool administered by another lender or community-based organization. Others rely on referrals from community organizations to identify borrowers. Some have developed alliances with non-profits, social service agencies and employers in an effort to reach out to the unbanked and underbanked, with the aim of transitioning these individuals to asset-building products and more mainstream banking services.

- *Financial Education*

Improving financial skills can help consumers reduce reliance on high-cost short-term credit. Moreover, institutions that monitor borrower use of credit and offer financial counseling or education when signs of financial stress are detected will help these borrowers become better customers and improve long-term relationships.

Financial institutions may wish to work with non-profit agencies and organizations that provide financial education training, such as reputable consumer credit counseling agencies. Budget management is an important strategy for borrowers. With it, they can eliminate unnecessary spending and focus their attention on meeting their financial obligations and saving for future expenditures.

Community Reinvestment Act Consideration for Small-Dollar Loan Programs

Under interagency guidance, examiners may favorably consider small-dollar loan programs when evaluating the lending performance of small, intermediate-small, and large institutions. While credit needs vary from community to community and no one activity results in an examination rating, the Federal banking agencies have recognized that some activities, such as making affordable small-dollar loans, are likely to be particularly responsive in helping to meet the credit needs of many communities.[8] To be considered, small dollar loan programs should be made generally available and result in loans to individuals across different income levels, including low- and moderate-income individuals.[9] A small-dollar loan program may not be large quantitatively compared to some other lending programs offered by an institution. Nevertheless, a small-dollar loan program may be uniquely responsive to a compelling need for an alternative to high cost credit and, therefore, have significant impact qualitatively. It is this qualitative consideration of a small loan program that may strengthen an institution's lending performance to help achieve a Satisfactory rating, or to the extent performance exceeds Satisfactory standards, to help achieve an Outstanding rating.[10]

The Federal banking agencies have also emphasized that programs that transition borrowers from higher cost loans to lower cost loans are particularly responsive to community needs.[11] Consequently, offering lower cost alternatives to such borrowers also will be viewed as responsive in the CRA examination.[12]

Some small-dollar loan programs may also qualify for favorable consideration under the community development service criteria.[13] These include small dollar programs that, for example, may include: 1) a low-cost checking or savings account; 2) financial education that includes a component on how to avoid lending that may be abusive or unsuitable; or 3) free government and payroll check cashing that increases access to financial services for lower income individuals.

Conclusion

Affordable small-dollar loans are in demand. Many consumers turn to high-cost non-bank lenders because they are accessible and can quickly provide these loans. Yet, the inability to repay these short-term, high-cost credit products often leads to costly renewals and exacerbates a customer's difficulties in meeting cash flow needs. Financial institutions can provide the same service with more appropriate loan terms and at a lower cost, and some institutions have found creative ways to do so. In addition, affordable, small-dollar loan products coupled with a savings component can lead to profitable, long-term customer relationships. Affordable small loan programs also receive favorable consideration during CRA examinations. The FDIC encourages institutions to consider opportunities for offering innovative, reasonably priced products that meet this need.

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[1] Payday loans are small dollar, short-term loans, for which a borrower has given a check postdated to the borrower's next payday, when the full balance of the loan is due.

[2] **See** Subprime Lending: Expanded Guidance for Subprime Lending Programs, FIL-9-2001 (January 31, 2001), http://www.fdic.gov/news/news/press/2001/pr0901a.html.

[3] The federal financial institution regulatory agencies have recommended that when overdraft protection is used excessively, customers should be informed of other credit products that may be better suited to their needs. **See** Joint Guidance on Overdraft Protection Programs, FIL-11-2005 (February 18, 2005), http://www.fdic.gov/news/news/financial/2005/fil1105.html#body.

[4] During the December 6, 2006 FDIC Conference, "Affordable, Responsible Loans for the Military: Programs and Prototypes," attendees developed a template for an affordable, small-dollar loan program. Conference participants agreed that the range of options it sets forth would be useful in developing a responsible small-dollar loan program suitable for both an institution and its military customers. **See**

http://www.fdic.gov/news/conferences/militaryloans/Military_Small_Dollar_Loan_Template.pdf - PDF (PDF Help)

[5] Products offered to covered military service members and their dependents must comply with the limitations found in the Talent-Nelson Amendment, enacted as section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007. (Pub. L. No. 109-364, 120 Stat. 2266-2269.) The Talent-Nelson Amendment establishes a number of limitations on extensions of credit to covered service members and their dependents, including restrictions on interest, types of security, prepayment penalties and other terms and conditions. The Talent-Nelson Amendment becomes effective on October 1, 2007. The Department of Defense is to promulgate regulations implementing the Talent-Nelson Amendment by that date. These regulations are expected to further define the type of credit to which these restrictions apply.

[6] We encourage institutions to utilize a reasonable time frame for the repayment of closed-end credit, e.g., at least 90 days. This should enable borrowers to repay the debt without incurring the cost of multiple renewals.

[7] Pursuant to Federal Reserve Board Regulation E, which implements the Electronic Fund Transfer Act, 15 U.S.C. 1693 et seq., a financial institution is permitted to condition an extension of credit to a consumer on the consumer's repayment by preauthorized electronic fund transfers [i.e., by electronic means on a preauthorized, recurring basis], if the credit has been extended under an overdraft credit plan or to maintain a specified minimum balance in the consumer's account. **See** 12 C.F.R. § 205.10(e). In addition, the Official Staff Commentary to Regulation E makes clear that a creditor "may offer a program with a reduced annual percentage rate or other cost-related incentive for an automatic repayment feature, provided the program with the automatic payment feature is not the only loan program offered by the creditor for the type of credit involved." **See** Paragraph 10(e) (1)-Credit to Supplement I of Regulation E.

[8] **See** Interagency Questions and Answers (Q&As) for CRA, 66 Fed. Reg. 36619, 36631, §_.22(a)-1 (July 12, 2001), http://www.ffiec.gov/cra/pdf/qa01.pdf - PDF 285k (PDF Help).

[9] To help limit costs to financial institutions, FDIC examiners will consider information provided on such small-dollar loan programs even though the institution may not have provided other information on consumer loans under data collection requirements. **See** 12 C.F.R. §345.42.

[10] **See** Interagency Q&As for CRA at §_.28-1 & .28.-2.

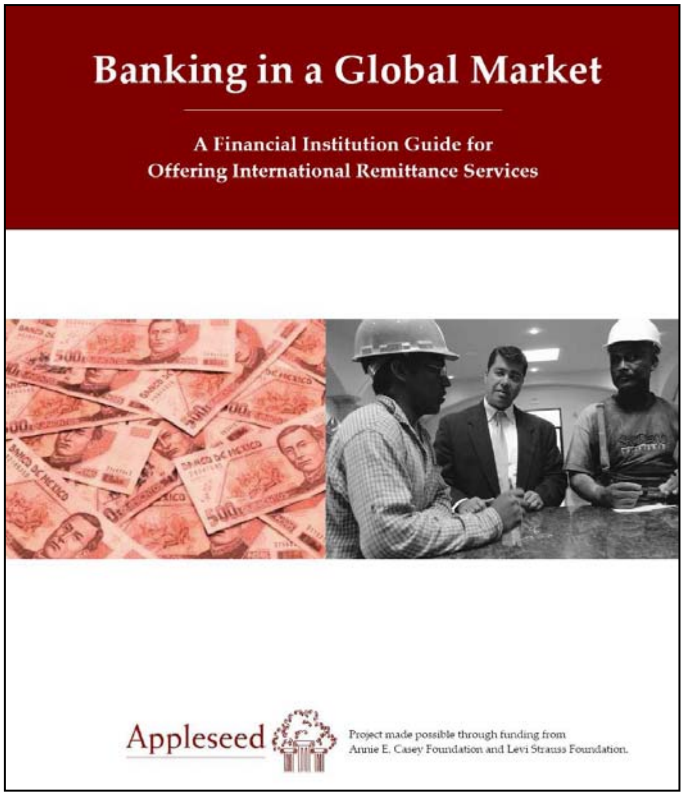
[11] **See** Interagency Q&As for CRA at §_.22(a)-1.

[12] **Id.**

[13] **Id.**, at §_.12(i) -3.

Last Updated 06/19/2007 communications@fdic.gov

"This is an excellent guide. Financial institutions will find it very useful."
Michael Frias, Community Affairs Officer, FDIC, Chicago Region



Banking in a Global Market offers a comprehensive, hands-on approach to setting up **transparent** and **efficient** remittance services, drawing on the experiences of large and small financial institutions throughout the United States.

Through detailed profiles of 11 financial institutions, Appleseed's guide illustrates six approaches to setting up remittance programs.
View the report and supplement at:
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Profiled Financial Institutions:
BankCherokee , Central Bank of Kansas, Citizens State Bank, First Bank, Harris Bank, Latino Community Credit Union, Mitchell Bank, Pinnacle Bank, United Americas Bank, U.S. Bank and Wells Fargo.

"Appleseed's guide offers very practical recommendations on how to consider adopting a remittance transfer service. In a world increasingly relying on banking and international flows, this tool will help inform banks' decisions to broaden their financial scope."
Manuel Orozco, Director, Remittances and Development Program, Inter-American Dialogue

The Market:

- Immigrants living in the U.S. sent $45 billion to Mexico and Latin America in 2006.
- Remittances from the U.S. to major Asian markets reached $24 billion.

The Need:

- Remitters are underserved by financial institutions.
- Approximately 100 banks and credit unions in the U.S. currently offer and actively market consumer remittance products.
- Among Latin American immigrants, 70 percent of remittance senders use cash-to-cash transfer services through money transfer businesses, while estimates of remittances sent through banks range from five percent to 19 percent.

"Appleseed's report will be very welcome by the industry as it draws on the experiences of a diverse set of financial institutions, providing valuable information others can apply to their own needs and objectives."
Elizabeth McQuerry, Assistant Vice President,
Retail Payment Office, Federal Reserve and Member, Appleseed Fair Exchange Committee

Appleseed

A nonprofit network of 16 public interest justice centers in the U.S. and Mexico, Appleseed is dedicated to building a society where opportunities are genuine, access to the law is universal and equal, and government advances the public interest.
202.347.7960

For four years, Appleseed and our network of Centers have been building wealth in Latin American immigrant communities and other low-income communities.

- Appleseed Centers developed a unique series of **financial education brochures** tailored to the specific needs of unbanked Latin American immigrants. To date, we have distributed nearly half a million of our financial education brochures through banks and credit unions, Consulates, community-based organizations and events. The same brochures have been used in English for lower income African Americans in post-Katrina outreach.

- Appleseed financial education brochures are rolling out to 28 of **Chicago's Public Libraries**. Chicago Appleseed aims to have the brochures available at 80 branches by the end of 2008.

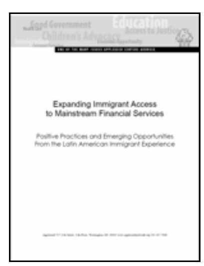
- Our centers have supported the launch of two **New Alliance Task Forces, an FDIC initiative** to promote banking immigrant communities, and we have witnessed subsequent change in the financial service markets in our areas. Appleseed Centers are actively involved in the FDIC Alliance for Economic Inclusion, an initiative expanding the Task Force efforts to include financial inclusion for all low-income communities.

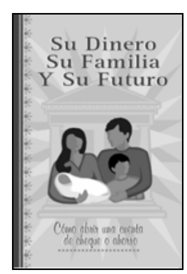
- Georgia Appleseed organized a **Banking Panel** that was presented at the one-year anniversary of the brutal murders of six Mexican immigrants who were asleep in their home in Tifton, Georgia, with their money under their mattress and not in a bank. The panel was held in the adjacent county and was well attended by banks with great support from local law enforcement.

- Texas Appleseed recently brought together a group of organizations to pilot offering **loans to immigrants who have a path to legal status to or citizenship through the immigration process.** Texas partnered with the state independent bankers association to assess the market penetration and needs of state community banks with regard to serving immigrant communities. The survey results show notable change. In 2004, only 30% were engaged in outreach to Spanish-speaking immigrants. In 2007, 60% of the banks surveyed are actively reaching out to those immigrant communities.

- In 2007, Appleseed launched a pilot of the **"Fair Exchange"** to establish a market-based incentive and structure for international remittance providers to offer improved disclosures to consumers. The Fair Exchange disclosure, which was created with industry and consumer input, is being piloted by five remittance service providers, including both banks and money transfer operators.

- Appleseed has **published 12 important reports and guides** that profile positive market practices and provide essential information about regulatory issues and strategies for reaching unbanked immigrant communities. Below is a sample of recent resources.





Alabama Appleseed Shay Farley Shay_farley@bellsouth.net 334.263.0086	**Chicago Appleseed** José Meléndez josemelendez@chicagoappleseed.org 312.988.6565	**Georgia Appleseed** Antonio Ginatta aginatta@gaappleseed.org 404.815.5903
Nebraska Appleseed Darcy Tromanhauser dtromanhauser@neappleseed.org 402.438.8853	**Texas Appleseed** Ann Baddour abaddour@texasappleseed.net 512.473.2800	**Appleseed** Eric Gutiérrez egutierrez@appleseednetwork.org 202.347.7960

For a full list of the 16 Appleseed Centers, please visit: www.appleseednetwork.org