Community Development Lending
Post-Katrina and Rita

Welcome to the Who DAT nation!
Mission & History - ASI Federal Credit Union

**Mission:**
To strengthen the financial health of underserved communities through financial services and education

**Vision:**
To eliminate poverty in communities we serve

- Located in Southeastern Louisiana, primarily the Greater New Orleans area
- Chartered in 1961
- Single-bond credit union – opened with ten shipyard workers at Avondale Shipyards Inc.
Mission & History - ASI Federal Credit Union

- 1991-1996  58,000 members
- 1996       LID - Low Income Designation – NCUA
- 1999       CDCU - Community Development Credit Union - NFCDCU
- 2005       ASII - A Shared Initiative, Inc. formed, Sister Affiliate to ASI FCU
- 2006       CDFI - Community Development Financial Institution
Hurricanes Katrina & Rita - 2005
IMPACT

Southeast Louisiana
- 200,000 homes lost – many uninsured
- 207,000/592,000 jobs lost (some temporarily)
- 300,000 families initially displaced
- 350,000 cars destroyed (approximately half were uninsured)

ASI FCU
- 238/250 Employees displaced
- 14/16 branches affected; 3 destroyed
- Assets grew overnight (FEMA & Insurance $) dropping capital to 4.76%
- PCA & Net Worth Restoration – NCUA
- Net loss of 10,000 members
ASI Today

- 80,000+ members
  - >60% low-income
  - >50% minorities (African American, Latino)
- Serve 6 low-income communities
- 14 branches
- 200+ Employees
- 600+ Select Employee Groups
- $302,000,000 in Assets
- $170,000,000 in Loans
  - Consumer, Mortgages, Commercial, Anti-Predatory Lending Products
- Started A Shared Initiative, Inc. – 501(C)3 Non profit 2005
- CDFI Since 2006
3 Major Community Development Lending Needs Post Katrina & Rita

- Housing
- Assistance to Small Business
- Short-term Loans (Alternatives to Predatory Lending)
  - For those facing job loss, temporary displacement, lack of insurance and/or insurance gaps
Community Development Lending Needs

Housing

• Affordability Crisis
  • 47% Fulltime workers in metro area earn < $35,000 household income
  • Most employed by service industry
    • Median annual earnings average $17,608

• Financing Challenges
  • 109,000 homeowners applied for funding for home repairs; many received no assistance
  • Renters not eligible for road home funds
  • Inadequate or no flood insurance

• Initial Supply Challenges
  • Public housing & complexes home to 7,329 families pre-Katrina
  • 4,000+ families displaced
  • Cost of housing (rentals and homes for sale) increased

• Ongoing Inflation
  • Fair market rents have risen 46% since Katrina
  • Average efficiency renting for $578/month pre-Katrina now $954/month
  • Rate of homelessness 4 times national average post-Katrina
Community Development Lending Needs
Business & Micro-Enterprise

- Small Businesses backbone of Gulf Region and economy
- Small Businesses in New Orleans the magnet attracting $100 million in revenue for city & state
- 90% of Louisiana businesses are small
- Nearly 7,900 businesses in Southeast Louisiana closed first 18 months post-Katrina
- Half of small businesses had 75% less revenue than before
Community Development Lending Needs
Spread of Predatory Lending

- Louisiana one of least regulated states
  - Maximum allowable APR by law – 650%
- Payday, Subprime and Adjustable Rate Loans spread in Gulf South
- Payday loan organizations avert maximum APR cap by operating out-of-state and lending via web
ASI - ASII Response

- Capital Restoration – 9% by September 2008
- 2 new bilingual branches – Latino and Vietnamese communities
- New ASI and ASII partnerships
  - ASII – Clifford N. Rosenthal Community Resource Center
  - ASII – Housing in Upper Ninth Ward
- Designed Lending Programs – CDFI support
- Financial Education
Subprime Rescue and Refinance Program – CDFI Grant

- Refinance adjustable rate mortgages to 6% - 30 years fixed
- Integrated foreclosure prevention counseling - 160 classes
- $1.4 million refinanced last 8 months
  - Member story – 24% APR/owned home pre-Katrina
ASI - ASII Response
Small Businesses

- Small Business Recovery Grant & Loan Program
  - ASI an intermediary for Louisiana Economic Development / Louisiana Recovery Authority
  - Deployed $20 million in grants and Loans
  - APRs ranged from 0% in Round I to 4% in Round II
  - Free technical assistance
  - Loans unsecured
  - Underwriting relaxed
  - Low delinquencies and charge-offs
  - Re-paid principle affordably recycled to new small businesses
ASI - ASII Response
Spread of Predatory Lending

- Since Katrina, booked $700,000 new loans
  - Stretch Plan
    - $300 - $500
    - Not credit based
  - Freedom Loan
    - Up to $3000
    - Pay off Predatory Lender
    - Counseling required
  - Asset Builder
    - Up to $3000
    - Built-in savings component
    - 5% APY on savings
ASI – ASII Best Practices

- Member Trust
- Infrastructure – People, Processes, Systems
- Partnerships / Collaborations
  - CDFI
  - NFCDCU
  - NeighborWorks America
  - NCUF
  - Solidago Foundation
  - Jewish Funds for Justice
  - Deutsche Bank
  - Puentes / LatiNola
  - LA Recovery Authority & LA Economic Development Department
  - Louisiana Appleseed
  - Louisiana Credit Union League

We Believe!
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