

2010 National Interagency Community Reinvestment Conference

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

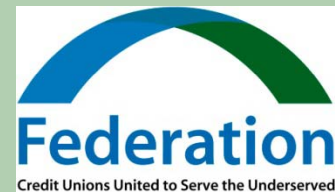
Vision:

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,
- 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
- CDFI Awards 2007, 2008, 2009



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**

ASI - ASII Response Housing

- **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

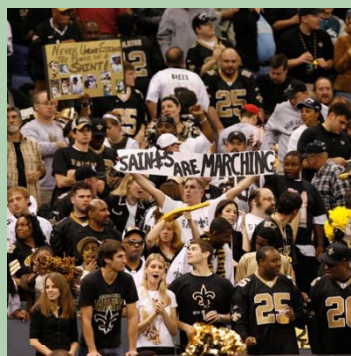
- **Small Business Recovery Grant & Loan Program**
 - **ASI an intermediary for Louisiana Economic Development / Louisiana Recovery Authority**
 - **Deployed \$20 million in grants and Loans**
 - **APRs ranged from 0% in Round I to 4% in Round II**
 - **Free technical assistance**
 - **Loans unsecured**
 - **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!

ASI Federal Credit Union

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