

Hispanic Outreach – A Case Analysis Holy Rosary Credit union



Holy Rosary Credit Union's Mission: To provide affordable, quality financial services to low- and moderate-income people in the parishes we serve. In doing so, we will encourage thrift, savings and the wise use of credit for individuals and small businesses. Our goal will be to increase the knowledge and ability of our members to manage and control their financial well-being thus moving them to financial sustainability and health.

Hispanic Outreach: A Case Analysis – A REAL Solutions® Program Review is a 2011 publication of the National Credit Union Foundation's REAL Solutions® program.

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The National Credit Union Foundation raises charitable funds, runs innovative programs, and makes impactful grants for America's credit union movement. NCUF's mission is to "promote and improve consumers' financial independence through credit unions." Among the NCUF programs and grants achieving this mission:

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Executive Summary

Holy Rosary Credit Union, located in a low-income area in Northeast Kansas City, was chartered in 1943 by immigrant Italians. Its subsequent history is that of serving the financial needs of immigrants, with Vietnamese and Latinos making up the latest groups of newcomers to the area. But even as the faces and languages change within the community and the credit union's lobby, the financial needs of the immigrant market remain similar. High unemployment levels and low income jobs leave these households out in the cold when it comes to low-cost deposit accounts and access to affordable credit from traditional financial institutions. This lack of access has become a strategic advantage and growth opportunity for Holy Rosary Credit Union. The credit union's strong ties with the Vietnamese, Hispanic and local community, together with its commitment to serving this unserved market provides it virtually unlimited access to pent-up demand.

The credit union's success with its outreach efforts, particularly with the increasing Latino market, is evidenced by its recent growth statistics. Carole Wight took over the reins as CEO of Holy Rosary in 2008, which then had assets of \$8.5 million and a staff of four full-time employees, including Wight. As of year-end 2010, the credit union is \$9.2 million in assets, serving 2,775 members. Membership growth in 2010 was 2.87% compared to its peer average of -1.07%. Loan growth increased 9.65% compared to a peer average of -1.60%. Most of this growth in members and loans are from its newly acquired Hispanic members. The credit union has added three part time employees to offer more Vietnamese- and Spanish-speaking tellers during peak periods.

Along with expanding its language services, the credit union has focused much of its attention on adding new services to meet the needs of its new members. This case analysis outlines some of those new products and services. It also describes some of the outreach activities deployed by the credit union to make the community aware of the services it offers and that it is willing to embrace the community's cultural diversity. Holy Rosary employees are persevering in efforts to help its market better understand financial complexities and to avoid predatory and high-cost financial services. Two outreach examples that are highlighted in this paper are the credit union's student school branch and its financial education program to the Spanish-speaking community.

A primary challenge that Holy Rosary Credit Union faces is managing the stresses that are constantly placed on its limited resources to meet the expanding financial needs and pent-up demands of its community. Holy Rosary received the National Credit Union Administration's (NCUA) "Low Income Designation" in 2009 that has enabled it to take advantage of the Administration's grant programs for technical assistance. The credit union has also applied for a grant as an emerging Community Development Financial Institution (CDFI), which if received would enable it to hire a CDFI Program Manager to expand outreach and development services. It has also recently applied for funds through the Catholic Campaign for Human Development's (CCHD) Economic Development grants program. All of these activities are aimed at helping the credit union build capacity to meet its growing demands.

The Challenge and the Vision

Often called “The Melting Pot Credit Union,” Holy Rosary Credit Union has a long history of serving immigrants. Chartered in December 1943, many of its original members were first-generation Italian immigrants who were unable to obtain loans at traditional banks. As these people gained wealth and higher incomes, they moved out of the area, making room for new immigrants. Cuban refugees, followed by Vietnamese refugees became the area residents. Those who were parishioners of Holy Rosary Church were invited to join Holy Rosary Credit Union.

Today the credit union serves seven Catholic parishes. While the Vietnamese and Italians retain strong ties to the credit union, Latinos, particularly those from Mexico, are now part of the ethnically diverse neighborhoods surrounding the credit union. When approached by Reverend Joseph Cisetti, pastor of St. Anthony and Holy Cross parishes, “to serve my people,” the Holy Rosary Credit Union board did not hesitate to continue its strong tradition of reaching out to serve new immigrants.

The challenge for Carole Wight, president of the credit union, was to ensure the credit union had the right products and services in place to meet the needs of these new members. At \$8.5 million in assets and with four full time employees (including Wight), the credit union was already stretched to its limits in human resources. The credit union had two full time Vietnamese-speaking employees, but no Spanish-speaking employees.

When Wight came to the credit union as its new president in January 2008, the credit union offered a basic share account, checking, and traditional loans such as unsecured and auto loans. It did offer real estate loans to help its immigrant market purchase homes in the area or to use those homes as collateral to start up small businesses. It did not offer much in the way of electronic services, such as on-line banking, or a credit or debit card program. It was, however, well capitalized with a net worth ratio of 17%.

Wight added Saturday hours and part-time Spanish-speaking and Vietnamese-speaking tellers for Saturdays. She realized she needed access to external resources and applied for the National Credit Union Administration’s (NCUA) “Low Income Designation.” A low-income credit union is one in which at least 50.01% of its membership earn 80% or less than the median family income for the metropolitan area where they live. Among the benefits of having the designation, credit unions can accept non-member deposits and participate in the Community Development Revolving Loan Program which provides both loans and grants for technical assistance.

Holy Rosary received the designation in 2009 and Wight immediately applied for a \$15,000 technical assistance grant to help develop additional products and services in her outreach efforts. Wight was finding that the more contacts she made with the faith-based community in Kansas City, the more requests she received from Catholic parishes to serve their parishioners, particularly those of low- to modest- means. She was also finding that as she got more involved in coalitions to help low income consumers such as FDIC's Alliance for Economic Inclusion and the faith-based Communities Creating Opportunity, she and the credit union were being viewed as leaders in the community when it came to outreach efforts for the unbanked and under-banked populations. This placed further stress on the financial and human resources for this small credit union. However, as their knowledge of the financial needs of their community grew, particularly the needs of the immigrant markets, the board of directors of Holy Rosary Credit Union and Wight only became more resolved in their will to expand services and grow membership to become the credit union serving the Catholic Diocese and faith-based community of Kansas City.

To assist with those efforts, the credit union continues to seek out all opportunities to leverage its limited resources. In 2010, it was the Missouri Credit Union Association's (MCUA) recipient of a grant from the National Credit Union Foundation (NCUF) to contract with Nancy Pierce, a field coach consultant for NCUF's REAL Solutions program, to document the credit union's work and experience in reaching the community's Hispanic population, many of whom are undocumented. This paper is the result of that grant.

In addition, Holy Rosary Credit Union has applied for a grant as an emerging Community Development Financial Institution (CDFI), which if received, would provide the resources for the credit union to obtain the designation and apply for larger federal grants for technical assistance and capacity building. The immediate benefit would be the addition of a CDFI Program manager to expand outreach and development services. It has also recently applied for funds through the Catholic Campaign for Human Development's (CCHD) Economic Development grants program. These funds would be used to develop a micro-business loan program and an expansion strategy to meet increasing requests from additional Catholic parishes to serve under-served parishioners.

Market Analysis

Holy Rosary Credit Union is located in zip code 64106. The zip code has the lowest median household income (\$23,129) and the highest percentage of population below the poverty level (47.1%) than all surrounding zip codes, as shown in the chart below. All of the zip codes, with the exception of zip 64120, have younger populations, lower incomes, higher percentages of those in poverty and higher percentages of foreign born than the averages for Kansas City, Jackson County and Missouri. Zip code 64120 is a bit of an anomaly with an older population, fewer foreign born, and fewer in poverty than the other areas, although its average adjusted gross income and median income are lower than some of the other zip code averages.

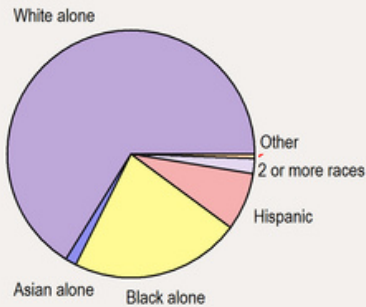
Area	Male Pop.	Female Pop.	Median Age	2004 Ind. Avg. AGI	2008 Med. HH Inc.	2008 % Below Pov.	Foreign Born
64106	3,484 (56.7%)	2,658 (43.3%)	30.7 yrs	\$24,174	\$23,129	47.1%	899 (14.6%)
64105	1,559 (57.3%)	1,160 (42.7%)	32.0 yrs	\$40,298	\$38,082	18.8%	247 (9.1%)
64108	3,542 (52.2%)	3,243 (47.8%)	30.6 yrs	\$39,651	\$33,887	26.8%	925 (13.6%)
64120	264 (54.9%)	217 (45.2%)	39.8 yrs	\$28,065	\$31,183	9.2%	26 (5.4%)
64123	5,401 (50.2%)	5,356 (49.8%)	33.0 yrs	\$26,002	\$36,855	24.0%	2,177 (20.2%)
64124	6,861 (51.4%)	6,482 (48.6%)	30.2 yrs	\$22,323	\$30,833	30.5%	3,663 (27.5%)
64127	9,790 (47.0%)	11,041 (53.0%)	30.7 yrs	\$22,619	\$26,939	35.3%	2,107 (10.1%)
Kansas City	232,813 (48.3%)	249,486 (51.8%)	34.0 yrs	Unknown	\$45,824	17.4%	25,632 (5.8%)
Jackson County	315,438 (48.2%)	339,442 (51.8%)	35.2 yrs	\$50,573	\$47,264	14.5%	28,320 (4.3%)
Missouri			36.1 yrs	\$44,591	\$46,867	13.4%	(2.7%)

Source: www.city-data.com

Abbreviation descriptions:

- Ind. Avg. AGI – Individual Average Adjusted Gross Income
- Med. HH Inc. – Median Household Income
- % Below Pov. – Percent of population below poverty level

Races in Jackson County, MO



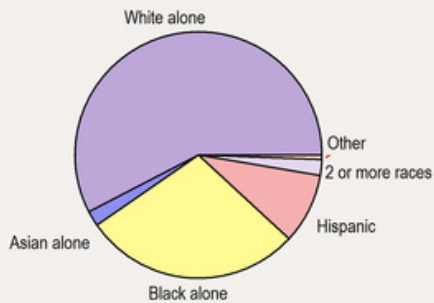
Races in Jackson County:

- White alone: 67.7%
- Black alone: 23.3%
- Hispanic: 5.4%
- Asian alone: 2.0%
- 2 or more races: 2.3%

(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 4.3%

Races in Kansas City, MO



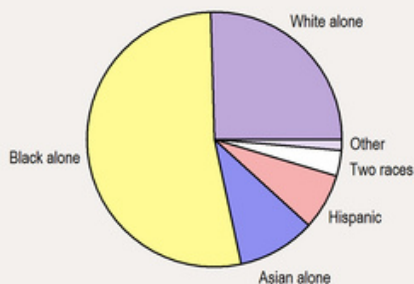
Races in Kansas City, MO:

- White alone: 57.8%
- Black alone: 28.0%
- Hispanic: 9.9%
- Asian alone: 2.2%
- 2 or more races 2.5%

(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 5.8%

Races in Zip Code 64106



Races in 64106:

- Black alone: 53.1%
- White alone: 29.3%
- Asian alone: 9.9%
- Hispanic: 7.1%
- 2 or more races: 4.2%

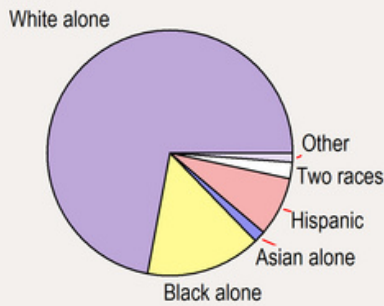
(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 14.6%

Most common places of birth for foreign born:

- Vietnam: 43%
- Mexico: 23%
- Other Eastern Africa: 11%

Races in Zip Code 64105



Races in 64105:

- White alone: 74.6%
- Black alone: 15.4%
- Hispanic: 7.8%
- 2 or more races: 3.1%
- Asian alone: 1.5%

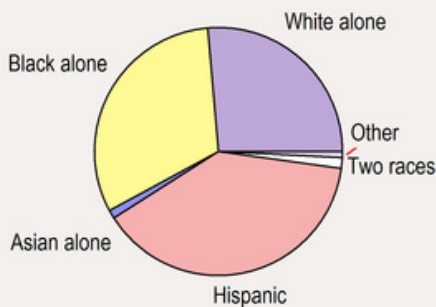
(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 9.1%

Most common places of birth for foreign born:

- Vietnam: 14%
- Mexico: 12%
- Ghana: 9%
- Bosnia & Herzegovina: 6%
- Korea: 6%

Races in Zip Code 64108



Races in 64108:

- Hispanic: 38.8%
- White alone: 32.4%
- Black alone: 32.4%
- 2 or more races: 3.0%
- Asian alone: 1.1%

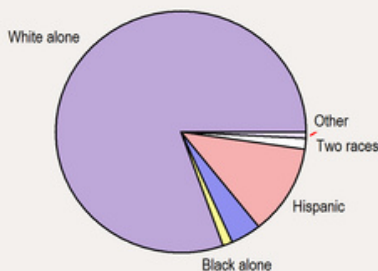
(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 13.6%

Most common places of birth for foreign born:

- Mexico: 66%
- Honduras: 8%
- Chile: 4%

Races in Zip Code 64120



Races in 64120:

- White alone: 80.9%
- Hispanic: 12.1%
- Asian alone: 4.0%
- 2 or more races: 3.3%
- Black alone: 1.2%

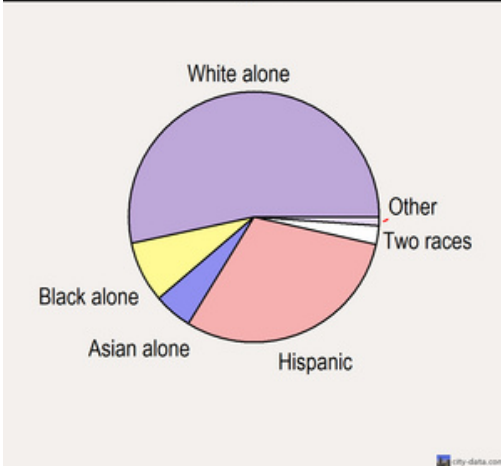
(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 5.4%

Most common places of birth for foreign born:

- Mexico: 100%

Races in Zip Code 64123



Races in 64123:

- White alone: 53.5%
- Hispanic: 30.3%
- Black alone: 8.1%
- Asian alone: 5.0%
- 2 or more races: 4.4%

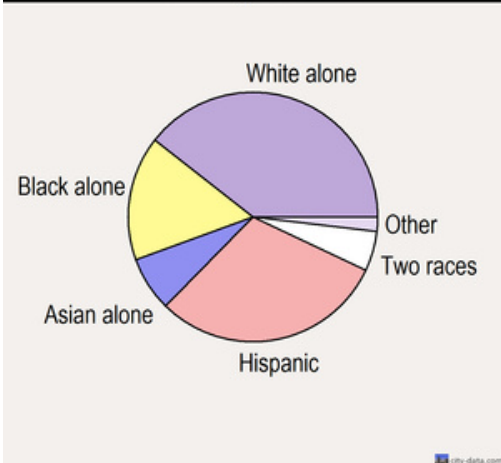
(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 20.2%

Most common places of birth for foreign born:

- Mexico: 35%
- Vietnam: 11%
- Cuba: 9%

Races in Zip Code 64124



Races in 64124:

- White alone: 40.2%
- Hispanic: 30.3%
- Black alone: 16.5%
- Asian alone: 7.2%
- 2 or more races: 7.0%

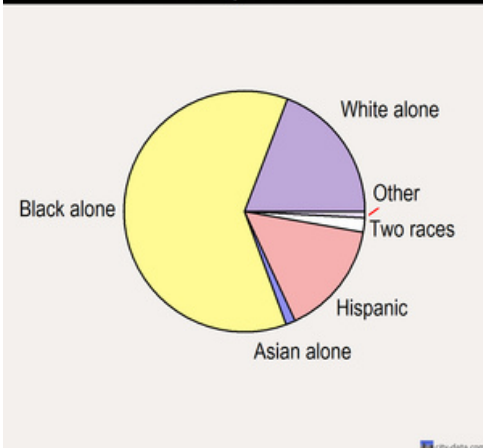
(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 27.5%

Most common places of birth for foreign born:

- Mexico: 50%
- Vietnam: 18%
- Haiti: 5%
- El Salvador: 5%

Races in Zip Code 64127



Races in 64127:

- Black alone: 61.9%
- White alone: 23.9%
- Hispanic: 15.4%
- 2 or more races: 3.0%
- Asian alone: 1.3%

(Total can be greater than 100% because Hispanics could be counted in other races.)

Foreign born residents: 10.1%

Most common places of birth for foreign born:

- Mexico: 69%
- Vietnam: 6%
- Other Eastern Africa: 6%

Even though these zip codes are close in proximity to one another, there is quite a bit of racial and ethnic variation among them. For example, African Americans make up the majority population in zip codes 64106 and 64127. Zip code 64108 is the most diverse among the seven zip codes with almost equal percentages of Hispanics, Whites, and Blacks. Zip code 64124 is also quite diverse with a large Hispanic population (30%). Whereas Asians make up only slightly more than 2% of the Kansas City population as a whole, they make up almost 10% of the population in zip code 64106, 7% of the population in zip code 64124 and 5% and 4% of the populations in zip codes 64123 and 64120, respectively.

Current Member Profile

Holy Rosary Credit Union is designated a low income credit union by NCUA, which means at least 50.01% of its membership earn 80% or less than the median family income for the metropolitan area where they live. The average income of its members is \$26,743. The Area Median Income (AMI) is \$70,500.

Income Characteristics:	% of Membership:
Moderate Income (120% AMI = \$84,600)	0%
Income between 80% AMI and 120% AMI	4%
Low Income (80% AMI = \$56,400)	12%
Very Low Income (50% AMI = \$35,250)	48%
Extremely Low Income (30% AMI = \$21,150)	36%
Gender:	
Female Headed Households	50%
Racial/Ethnic Characteristics:	
African-American	2%
Hispanic	25%
Asian	55%
Native American	1%
Other	17%

Outreach Products and Services

Holy Rosary Credit Union is progressive in its efforts to address the financial needs of its low-income target market. It has already added a number of new products and services to meet these needs and plans to add more as resources are available. Low minimum balances and character-based underwriting are tools used to help low-income members qualify for products. In addition, human touch points are utilized by staff whenever possible in the member service area. Human touch points refer to financial counseling and education that occur jointly with the approval of a loan or a transaction service. With 96% of the credit union's members falling below 80% of the Area Median Income (AMI) and with a membership that is comprised of a large number of immigrants (Vietnamese and Latinos), the credit union is constantly challenged to deploy innovative ways to meet their financial needs. During the month of September 2010, the credit union received 26 loan applications and approved 24, a 92.3% loan approval rate. The credit union worked with most of the loan applicants by providing financial counseling and advice to help them get approved.

In 2010 Holy Rosary Credit Union developed its website to include both Vietnamese and Spanish. The credit union also accepts the "Matricula Consular" card, the Mexican consular ID card as permissible identification. It also accepts Individual Tax Identification Numbers (ITINs) in lieu of Social Security Numbers (SSNs) for reporting of dividends to IRS.

Deposit & Transaction Products

Savings & Christmas Club Accounts – The credit union recently dropped its minimum balance requirement for its Primary Share Account from \$25 to \$5 in recognition that \$25 can be an obstacle to joining the credit union for many low-income households.

KIDS Savings Account – This account was established as a result of the credit union's school branch program to teach students to save. Dividends begin to accrue with any deposit into the account.

SAFE Account – A non-interest-bearing savings account was recently added to enable members without SSNs or ITINs to open accounts.

Checking Account – This product has no minimum balance requirements or monthly fees and offers free debit cards, bill payment, and online banking. The credit union has gradually been growing this product line, having taught members to use this basic free checking instead of money orders. To encourage them to transition, the credit union pays for the first order of checks. This could also be called a Fresh Start Checking as many members have had trouble with accounts at previous institutions. The NSF charge is only \$18 and there is no negative balance fee.

Certificate Account – The credit union is currently testing a certificate program. To be competitive and to encourage members to save, the credit union feels it must offer a certificate program.

Directo a Mexico – This service was recently added to help members with international remittances. The cost of this service is \$3.75.

Money Orders – Many of the credit union’s members use money orders for bill payment. The fee of \$1.25 is kept as low as possible. The credit union is considering processing its own internal money orders to lower the fee even further.

Loan Products

Real Estate Loans – Overall, real estate loans account for 55.2% of the total loan portfolio; most of these being first mortgages. The average balance for first mortgages is \$38,387. The credit union’s maximum loan-to-value is 80%. The maturity term is 15 years and interest rates range from 4.88% to 8.50%. Home equity lines of credit (HELOC) are available for 15 years with rates ranging from 4% to 18%. HELOCs enable lower income households to use their home asset for debt consolidation to payoff higher interest loans or to start up their own businesses.

Auto Loans – Members may borrow up to 100% of the value of the car. New auto loans may be obtained for up to 72 months; used auto loans up to 60 months. Rates range from 5.5% to 16.3% with an average of 8%. Used car loans represent 28% of total loans, but new car loans represent only 2% of total loans. The lower income market served by Holy Rosary Credit Union is more apt to purchase lower cost used cars than new cars. The credit union does not have a minimum loan balance requirement, making access to small balance auto loans possible. This, along with the longer terms, enables low income households to gain access to car loans, but to keep as much money in their pockets as possible.

Credit Builder Loan – A loan for members who need to build or rebuild their credit. Members can borrow up to \$1,000 and put the money into a savings account as collateral, where it also earns dividends. Members build credit as they build their savings.

Payday Loan Alternatives – The credit union provides two alternatives to payday loans. One is a short-term cash advance loan for \$500 with a repayment term of 90 days. The other is a consolidation loan to pay off outstanding payday loans. The maximum loan amount is \$3,000 with repayment terms up to 36 months. Financial counseling is necessary for the consolidation loan to help the member get out of this toxic debt spiral.

VISA Credit Card – This product is currently being tested and will go live in early 2011. This program was initiated after hearing stories of members being taken advantage of by other finance companies. Members with no credit card will be able to secure a credit card, without the usual high cost access fee that would apply to this segment of the population. The margin on the card is low and fees are almost nonexistent.

The credit union knows members “are ready to borrow” when:

1. The member requests funds from the credit union and is approved, or
2. If the loan is declined, the member agrees to financial counseling
3. As a result of the loan, the member’s financial condition is improved
4. And/or when necessary, the member is able to leverage collateral – traditional or non-traditional.

An Underwriting Example:

A new member came to the credit union who had not been in this country very long. He had worked at his job for six months. He needed a car for transportation to work. The credit union felt it was important for the member to own a car. A co-signer was secured and the car loan was made. The rate was based on the co-signer's score and was very low. The new member was heavily counseled about how building a credit score in this country was of utmost importance to him.

All loan applications are evaluated on the following:

The stability of the member including residence and employment history;

The willingness of the member to repay the loan based upon their previous credit history;

The ability of the member to repay the loan based on the affordability of the new loan payment and the member's financial obligations (consumer loan debt ratio should not exceed 55% of gross income);

Loan collateral offered and its loan-to-value.

Pricing for most loans is risk-based, meaning the rate is set based on the member's or cosigner's credit score.

The credit union uses normal procedures for follow-up on loan delinquencies and most loans are written off when more than 120 days delinquent. What is unique, however, is the extent to which staff works with members to prevent charge-offs. Credit union policy allows staff to grant extensions and lower payments for those under financial stress. If necessary, staff members will even lower the loan rate to help the member be successful with making future loan payments. The result is that in many situations members make extreme efforts to pay. The credit union's historic annual loan loss ratio is only .4%.

Outreach Activities

While the credit union has many products and services available to serve its target market, it is constantly helping its market better understand financial complexities and how to avoid predatory and high-cost financial services. Often this occurs on a one-on-one basis as employees close member loans or complete transactions. Credit union employees constantly look for opportunities to offer human touch advice.

But reaching the target markets and making them aware of the services offered by Holy Rosary Credit Union are more challenging. Partnerships with parishes and community organizations are the best venues for creating awareness and trust.

It was a request by Father Joseph Cisetti of St. Anthony's Parish to Carole Wight "to help my people" that put the wheels in motion for this Hispanic outreach initiative. Father Cisetti feared many of his immigrant parishioners were becoming victims of expensive payday lenders, check cashers and other alternative financial services. Many Latinos distrust traditional financial institutions and are leery of regulatory systems, particularly if the persons are undocumented. Many do not feel welcomed within the large ornate lobbies of banks and worry that their requests for services, particularly loan needs, will be denied.

St. Anthony's Catholic Church was within the field of membership of Holy Rosary Credit Union. Father Cisetti thought the member-focused environment of the smaller credit union could help his parishioners obtain necessary financial services and gain their trust.

Hispanic Focus Group

One of the first steps taken to become better acquainted with the financial needs and concerns of the Kansas City Latino market was to conduct a focus group. Brother Jim Krause of St. Anthony's, more commonly referred to as Brother Jim, selected five families to participate in the focus group. All families were undocumented, including their children. Brother Jim provided an interpreter for the discussion. The following information was gathered from the group:

- The families have lived in the U.S. and Kansas City for as recently as five years to as long as 20 years.
- The language most often spoken at home is Spanish or "Spanglish" in those homes with children in school.
- The families live in constant fear of deportation. The parents said they leave for work each day never sure if they will be returning to their families at the end of the day. Some have prepared their children on what to do if they (the parents) don't come home. The most cited contingency plan is "to call Brother Jim."
- They are unable to obtain drivers' licenses in Missouri, but they all drive. The parents tell their children to drive carefully.
- They pay cash for lower-priced vehicles that are not reliable and often break down.
- Obtaining insurance is difficult. Some insurance companies will accept a Mexican drivers' license, but the premium is much higher.
- Obtaining credit is difficult. They are more apt to buy second-hand appliances for cash, rather than resort to credit.

- They realize they are often taken advantage of because of their illegal situation. They heard of a Hispanic realtor who was helping undocumented families obtain homes, but at outrageous rates. The realtor was investigated and all her clients were deported.
- Almost all the adults had ITINs and matricula cards. A couple of the young adults present said they could not get matricula cards because they came to the U.S. at a very young age and only had their birth certificates. Another form of ID is necessary to get the matricula card.
- One adult couple had a bank account and home loan. The father had a valid Missouri driver's license obtained when that was still possible. It would be expiring soon. But with the driver's license he was able to open an account with Bank of America and get the home loan.
- The biggest financial need expressed by most was access to credit to send their kids to college. Since most of their children are also undocumented, they are not able to attend state-financed universities. They must attend private colleges which are very expensive.
- A college education for their children is very important to the parents. They brought their children here for a better life. A better life is defined as having the education to get a good job.
- No one in the group had used a payday lender. Some have used check cashers to cash payroll checks, but recognize these outlets are very expensive.

Holy Cross Student School Branch



Carole Wight, president of the Holy Rosary Credit Union, works with Holy Cross student Antonio Pizano on an exercise in money management

Holy Cross Catholic Church offers an elementary school to its parishioners. At the request of the school principal, Holy Rosary Credit Union developed a money management course for 10 selected sixth and seventh graders through the assistance of a NCUA grant. The 10-course program was offered after school through a contract with a teacher from another school.

At the conclusion of the course the students became the "officers" of the Holy Cross School Club Branch which opened once a week during lunch hours for students

The purpose of the school branch is to teach other students that dreams are possible with smart planning and wise spending and savings habits.

As part of their training curriculum, students had to complete a volunteer position application and job interview questions. (See Appendix 2 for article from The Catholic Key.)

In 2011 Holy Rosary plans to continue the weekly Credit Union Club Branch and to continue to offer more advanced training to the original ten students who are now in the seventh and eighth grades. The school branch creates awareness of the credit union among young students who in turn, tell their parents about the credit union and pass along their new money management skills.



trained student "officers" open accounts and accept deposits for their peers.

Sus Finanzas Hoy – Your Finances Today

Again in partnership with St. Anthony's Catholic Church, Holy Rosary Credit Union decided to extend financial education to the Spanish-speaking community. Through a NCUA grant, it launched Sus Finanzas Hoy, or Your Finances Today: Building a Brighter Future. The credit union contracted with Ximena Pacheco, a native of Chile and with a background in personal financial education to construct the curriculum suitable for the unbanked and under-banked community. Course content included:

- Understanding the U.S. financial services system
- Checking accounts and protecting yourself against consumer fraud
- Understanding credit
- Developing a household budget (2 sessions)
- Buying a house
- Financing a college education
- Starting your own micro-business

The first five sessions were taught by Pacheco and an assistant, Leonel Prato. The final three topics were covered by Spanish-speaking experts in those fields. The sessions were planned for two hours in length over a seven-week period. Many however, extended beyond the two hours as the 22 participants asked questions and desired more information. Dinner and child care were provided for each session, as well.

Instructor Ximena Pacheco and her assistant Leonel Prato discuss the basics of credit.



Everyone looked forward to dinner and arrived early to get it while it was hot.



While their parents worked, children played and were entertained.

The 22 participants were identified by Brother Jim Krause of St. Anthony's as leaders among the Latino parishioners and were encouraged to attend the program, so that they in turn could recommend future courses to other families. In this way, Holy Rosary and St. Anthony's hope to continue to reach out, educate and serve a community that is largely unbanked or under-banked.

The classes offered lively discussion and sharing of information. "I look forward to these weekly sessions," commented one participant. "I'm learning a lot and I hope the information will help my wife and I become homeowners. That's a big goal of ours."

The final session ended with a graduation ceremony that included a graduation certificate for each participant, a 2% discount on a future loan at Holy Rosary Credit Union, a gift certificate, and cake and ice cream. A representative from the Federal Reserve Bank and an immigrant herself from Mexico shared her own personal experience with the group about how her lack of personal financial education resulted in a huge burden of financial debt when she graduated from college.

Participants were asked to evaluate the program so that enhancements can be made to future sessions. Overall, participants rated the program six or better out of a possible rating of seven. Most said they would recommend the program to friends. One participant commented, "Thanks to this program, I gave myself personal goals." Another participant told Pacheco that he and his wife learned through the budget process that they could save \$100 a week by eating more meals at home rather than eating out. He wanted to start his own business and was looking forward to the end of a year when he figured he would have over \$5,000 saved to start that business.

Besides buying a home and starting a business, other goals offered by participants included paying off the house, financing school tuition for their kids, a vacation, affording health insurance.

Many comments asked for more time during the sessions to ask questions. As a result of the feedback from participants, some changes to the next program will be made. For example, dinner will be started 15 minutes earlier, so that participants have a little extra time during the sessions for questions and discussion. Someone from the Mexican Consulate will be invited to one of the sessions to talk about how to obtain an ITIN. A Spanish-speaking representative from Consumer Credit Counseling Services (CCCS) will be invited to a session to discuss how to manage debt burdens.

Scholarship and college financing opportunities are of great interest to this immigrant market, both for those who are here legally and those who are not. Holy Rosary Credit Union plans to take advantage of a church young adult group to bring in resources from local colleges to make more information available to young adults about financing their education.

Staff Training

Any credit union that wants an effective outreach program to a new market should consider some sort of diversity/sensitivity training for staff. All outreach work and expenses can go out the door if the credit union cannot provide the new members an inviting environment.

An inviting environment must include an embracement of the new members by employees. An inviting environment must include an acceptance of how these new members conducted their financial business in the past and that they may not be immediately ready for more traditional products. An inviting environment should include staff members that resemble the new market the credit union is trying to reach and employees who speak the same language.

Holy Rosary Credit Union had two Vietnamese-speaking employees, but no Spanish-speaking tellers when Carole Wight decided to embrace the growing Latino community in her area. She added a part-time Spanish-speaking teller to cover Saturday hours and another part-time teller during peak week day work hours. Wight also realized sensitivity training was essential for her staff members to help them understand why the credit union was including this new market. The biggest obstacle to overcome was the fact that many of these new members were not in the U.S. legally.

A two-hour staff training meeting was led by Nancy Pierce. The training started with employees taking turns introducing themselves and noting whether they or parents or grandparents were immigrants to this country. They were asked to describe their experiences as new immigrants or the stories they heard from parents or grandparents. The complete outline for this training session is included in Appendix 3.

Acceptance of the new Hispanic members is slowly growing among staff. Language issues continue to be a barrier for the non-Spanish speaking employees. As Wight has clearly pointed out, one two-hour training session is not going to change beliefs and prejudices. She takes the time to work with each employee, as needed, to discuss approaches to serving this new group and over-coming pre-conceptions.

Measures of Success

Holy Rosary Credit Union continues its long tradition of accepting new immigrants into its fold. The one thing that has remained constant throughout the credit union's history of serving immigrant markets is the significant challenges faced by the arriving immigrants. The most basic of financial services are often out of their reach due to language and education barriers and most importantly, a lack of trust. Holy Rosary has a long track record of lowering or eliminating these barriers to respond to the financial needs of these markets.

When asked if she feels her credit union has had a positive impact on the community through its financial education and outreach efforts, Carole Wight, the CEO responded with:

“As Ralph Waldo Emerson said, ‘The creation of a thousand forests is in one acorn.’ How do you count the harvest several months into the work? Yes, our outreach efforts have had a positive impact! When you teach an unbanked person how to navigate the financial system, how can this not have a positive effect? When 50% of our financial education participants are using check cashing establishments and we give them better alternatives, how can this not have a positive impact on the community? In the budget training session, one member realized he could save \$100 a week by not eating out. Budgeting and asset growth was a totally new concept to him.

“People in poverty can often be held captive by their lack of resources. They can sometimes be blind to how to navigate the financial system in ways that seem easy for those with more resources. Holy Rosary wants to help bring good news of financial hope to these people. The credit union wants to provide the education and resources to help give these people new freedom, both physically and spiritually.”

--Carole wight, CEO of Holy Rosary CU

Profitability & Net Worth

All of the credit union's products are profitable as shown below. The current low average cost of funds of .35% contributes to the profitability of each loan product. The yield on assets of 4.45% ensures a high return for each deposit product. The credit union's three year net worth ratio is 16.3%.

Loan Products	Interest Rate	CU Cost of Funds	Gross Spread	Loan Losses	Return
Unsecured LOC	13.14%	0.35%	12.79%	0.02%	12.77%
New Vehicle	8.10%	0.35%	7.75%	0.02%	7.73%
Used Vehicle	7.70%	0.35%	7.35%	0.02%	7.33%
1st Mortgage	6.19%	0.35%	5.84%	0	5.84%
Other Real Estate	4.44%	0.35%	4.09%	0	4.09%
Deposit Products	CU Yield on Assets	CU Rate	Return		
Share Drafts	4.45%	0.00%	4.45%		
Savings	4.45%	0.50%	3.95%		
CD	4.45%	1.41%	3.04%		

Membership & Loan Growth

Net membership growth for Holy Rosary Credit Union in 2010 was 96 accounts or 2.87% compared to its peer average of -1.07%. The number of checking accounts increased by 122 or 20% for the year. Loan growth increased 9.65% compared to a peer average of -1.60%. As of year-end 2010, the credit union is \$9.2 million in assets with 2,775 members. The table below shows new account growth for 2010 and new activity growth from the Hispanic population.

New Accounts Opened by Parish Group 2010

New Accounts (S)	2010 Numbers	New Hispanic Parish Growth 2010	Shares (New Hispanic Only)	Lns on Rec (New Hispanic Only)
Source				
Holy Rosary	8			
<i>Holy Martyr*</i>	13			
<i>St. Anthony's**</i>	21	21	15,733.77	84,152.17
<i>Holy Cross**</i>	14	14	19,357.76	47,742.19
<i>Our Lady of Peace**</i>	6	6	460.34	15,800.00
St. Andrew's	0			
Family	79			
Paris Brothers	16			
Pawn Shop	0			
BSA Troop 80	0			
<i>Holy Cross School**</i>	27	27	1,856.17	
<i>Cherith Brooks***</i>	7			
Re-Open	12			
Other				
Monthly Total New	203	68	37,408.04	147,694.36

Percent of new accounts Hispanic **33.50%**

**Parish has almost a 100% Vietnamese Population*

***Parishes have largely a Hispanic/Latino Population*

****SEG serves an inner city homeless population*

Total new membership accounts opened in 2010 was 203. Of these, 68 or 33.5% came from the credit union's outreach activities to its Hispanic parishes. This compares to 23 new member accounts or 18.25% in 2009 from Hispanic parishes. An additional 40% of the credit union's new members in 2010 were family members, which may also reflect outreach efforts. Thirteen new members in 2010 or 6.4% came from a predominantly Vietnamese parish.

Share deposits from the new Hispanic members in 2010 accounted for 7% of total share growth for Holy Rosary in 2010. But loans from these new Hispanic members accounted for 35% of total loan growth in 2010! It is this loan activity from new Hispanic members that account for a large part of the 9.65% loan growth for the credit union.

These growth ratios reflect the limited access low-income households and particularly Latino households in this neighborhood have to financial institutions, especially those that are willing to meet loan and low-cost deposit needs. There is pent-up demand that is being met by Holy Rosary Credit Union. Access to affordable credit that is unavailable elsewhere creates opportunities for these members to build assets and improve their quality of life.

New Products & Services Added

Using both NCUA grant resources and existing credit union resources, the following products and services have been added in order to serve the needs of the Hispanic community:

- Bill pay
- Credit card program
- Payday lending products
- Credit building lending products
- A non-dividend paying SAFE account
- KIDS Savings account
- Directo a Mexico remittance program
- Translation of website into Spanish and Vietnamese
- Money management training course for 10 sixth and seventh grade students
- In-school branch for students of Holy Cross School
- The addition of two-part time Spanish-speaking tellers
- Acceptance of both the matricula consular card as an approved ID and a member's ITIN in lieu of a SSN
- A 7-week, 2-hour financial education program for 22 adults in Spanish, complete with dinner and child care

The cumulative results of the credit union's payday alternative loans and credit builder loans are as follows:

- 52 total loans for \$53,260
- 13 loans were secured by shares or other collateral
- 20 loans were \$500 or less for \$9,500
- No loan losses; 5 loans paid late

Development services are linked to financial products by design. For example, the alternative payday loan product is designed to help members break the payday loan cycle and includes a

financial education component. Many low-income members are approved for a loan after receiving or in conjunction with financial counseling. To demonstrate this, the credit union did an analysis of loan applications received and approved in conjunction with development services. This analysis showed that 94% of applications received were approved in conjunction with financial education.

Analysis of needed products and services is an ongoing process for Holy Rosary Credit Union. For example, over a 30-day period, members were asked to complete a short questionnaire. The following are a few highlights from that survey:

- 72% of members surveyed were seeking a loan product;
- 56% of all members during this period received financial education or one-on-one financial counseling from the credit union.

While analysis of current products and services demonstrates the credit union is actively serving its target market, the credit union plans to conduct a more comprehensive survey of its membership in late 2011 to more accurately determine financial products, financial services and development services the low-income community would like to see offered by Holy Rosary.

Another Example of Success

A business called “Always Something, Inc.” has been in business in the community since January 2005. It’s a small family run, women-owned company. Holy Rosary Credit Union helped “Always Something, Inc.” to obtain loans to buy equipment that allowed them to expand their business and customer base. With these loans they purchased a 16-color embroidery machine and a six-color screen printing machine. Their customers include schools (elementary through college), organized sports team, businesses, public organizations (KC Police Department), Collegiate Sports Organization (MIAA), and individuals needing printed merchandise. Without the assistance of Holy Rosary, this small business could not have expanded or stayed in business during the economic downturn.

Next Steps

At its Board Planning Meeting in October, the board of directors set as its two to four year goals to double its size to \$20 million in assets and to have positive ROA and net worth of 10%. To accomplish those goals the following projects and plans are in development.

CDFI Certification

Holy Rosary Credit Union currently has NCUA's low-income designation. Its goal now is to obtain CDFI certification in order to obtain federal funding to support its community development outreach efforts. To that end, in 2010 it contracted with CU Strategic Planning to apply for \$100,000 in Technical Assistance (TA) funding as an emerging CDFI. If granted (August 2011), the credit union will hire a bi-lingual, full-time CDFI Program Manager who will expand outreach and development services.

To become a certified CDFI, the credit union needs to conduct a thorough survey of its membership to determine that it meets the fund's minimum requirement that at least 60% of its members are low-income. Part of the TA funds will cover the creation, printing and mailing of surveys to all members in three languages to validate income and to determine the financial products and services the community wishes to see offered by the credit union. CU Strategic Planning will assist with the development of that survey.

The plan is to have the Community Development/Outreach Specialist in place by fall 2011. The survey will be distributed before year-end and by spring 2012, submission of a CDFI certification application will be made based on survey findings, as well as additional products and services requested by the community.

Community Advisory Panel

During 2011, Holy Rosary Credit Union plans to develop a Community Advisory Panel. The purpose of the Community Advisory Panel (Panel) includes the following:

- To establish a connection and link to Holy Rosary's membership and potential membership within the community by gathering and listening to the opinions and suggestions of members within the demographic area as they pertain to financial services.
- To advise credit union management on how to better meet the financial needs of its diverse and changing community.
- To help drive change to ensure the credit union remains relevant and effective to its community.
- To provide qualitative analysis pertaining to specific market groups within the community.
- To act as a positive spokesperson for the credit union within the community to help increase awareness of credit union services and products.

The Panel will consist of 7 to 12 selected members who will serve as volunteers from Holy Rosary parishes and community. The Panel will be used to develop future leadership as potential Board members. The Panel will meet at least quarterly. Nancy Pierce of Tipton Research Group will help select and oversee Panel activities and report events to Carole Wight, CEO.

Sus Finanzas Hoy

Your Finances Today: Building a Brighter Future will be offered again in early 2011. Participants from the first program have indicated they will recommend the program to their family and friends. In addition, Brother Jim Krause and Father Cisetti of St. Anthony's Church have other parishioners they think could benefit from the course.

Ximena Pacheco will again serve as instructor and some modifications are being planned to the program. For example, someone from the Mexican Consulate will be invited to address how to obtain an ITIN. A Spanish-speaking representative from Consumer Credit Counseling Services will be invited to discuss how to manage debt burdens.

In addition, scholarship and college financing opportunities may be presented to a church young adult group to make more information available to young adults about financing their education.

Whereas Holy Rosary is committed to continuing this program for the community, it is expensive for the small credit union. Each 7-week session costs about \$6,600 and covers the instructor, dinner, and child care. The credit union used an NCUA grant to cover part of the costs of the first session and has some remaining funds to apply to the second session. However, it hopes to find a partner, such as another credit union, that is interested in extending the course to its members and can help cover expenses and make the program sustainable.

Development of a Micro-Business Loan Program

A micro-business development program is essential for Holy Rosary Credit Union, given its large immigrant market. The credit union recognizes that one of the best ways to help members get out of a cycle of poverty is to help them obtain small business loans. Micro-loans to help people set up house cleaning services, delivery businesses, restaurants, auto mechanic shops, or hair and nail businesses, just to name a few, are needed. The credit union, however, needs to ensure the entrepreneur borrowers it is lending to have the skills and knowledge to set up a business to ensure its survival. For example, if the credit union is going to lend money for a delivery van, and the income to repay that loan is coming from the business, it needs to know the business is sustainable.

To accomplish this goal the credit union has applied for an Economic Development Grant through the Catholic Campaign for Human Development (CCHD). The grant request of \$69,000 will be leveraged with the CDFI grant funds to help build the credit union's capacity to offer many of the services its membership and potential membership need. If granted, part of the funds will go towards hiring two Americorps Vista personnel.

The responsibilities for one of the Vista employees will be to develop a Business Incubator/Lending Program. Some of the potential resources/partnerships that could be explored as part of the program include:

- ACCION USA (AUSA) – empowers low-to-moderate income business owners with access to capital and financial education. Loans can range from \$500 to \$50,000 with interest rates from 8% to 15%. AUSA provides a fee-based lending “back office” to underwrite, fund, warehouse and sell loans referred back to a credit union. The business survival rate among AUSA clients is 97% for established businesses and 90% for start-up businesses.
- SBA’s Microloan Program – recently increased its microloan limits from \$35,000 to \$50,000. SBA makes loans to non-profit intermediary lenders who in turn use the proceeds to meet the needs of entrepreneurs. SBA may also make technical assistance grants to intermediaries for marketing, management and technical assistance to the program’s target population.
- Missouri Linked Deposit Program (MLDP) – partners with lending institutions to provide low-interest loans to help create and retain jobs, expand the economy and strengthen communities statewide. The financial institution must be approved as a designated lender. The lender approves the borrower’s loan application using normal underwriting standards. The application is then submitted to the state’s Treasurer’s office for approval. The lender receives a low-cost deposit that is matched off by the loan. Using the program allows lenders to lower the interest rates to borrowers by about 2-3 percent.
- Hispanic Economic Development Corporation (HEDC) – a not-for-profit organization founded for the purpose of developing and implementing economic development initiatives, particularly for Latinos in Kansas City. Technical assistance and training are HEDC’s core services. Its First Step Fast Track Program is a 36-hour business training course designed to introduce business concepts to entrepreneurs with little business experience. HEDC works with aspiring entrepreneurs to determine if they really are ready to start a business and helps them develop a business plan. HEDC also provides quarterly training workshops in Spanish that are typically two hours in length.
- Ximena Pacheco-Diaz, Commercial Connections, LLC – worked with the Kauffman Foundation in Kansas City to develop a small business educational program. The program consists of 12 modules, each three hours in length. She could make the program available to Holy Rosary Credit Union members and work one-on-one with entrepreneurs to get them prepared to start a business. The cost of the program is just under \$3,000 per business.

Develop An Expansion Strategy

As Holy Rosary Credit Union becomes more visible in its community, particularly the Catholic community, it is receiving more and more requests from Catholic parishes to accept their parishioners into the credit union’s field of membership. For example, one parish with many low-to-moderate income parishioners is trying to obtain funds to provide a satellite branch in its community for the credit union. The credit union has also received requests to open a branch in St. Joseph, a city 45 miles north of Kansas City, but one with a large Hispanic population. As these requests come in, they only illustrate how much demand and need there are for affordable financial services.

The plan for the second Americorps Vista employee is to develop a strategy for adding parishes and a strategy for adding mobile technology to offer remote services to these parishes in a cost-effective manner.

Goals for 2011 & 2012

1. Receive CDFI grant in 2011 to fund a Community Development/Outreach Specialist and to develop and distribute a survey to members to determine income levels and financial services needs.
2. Receive CCHD grant in 2011 to fund Americorps Vista personnel to develop a micro-business loan program and expansion strategies.
3. Submit CDFI certification application in 2012 using findings from survey and new products/services needed.
4. Following grant award, increase consumer loans by \$580,000 and mortgage loans by \$716,000 over the next two years.
5. Following grant award, increase savings deposits by \$1,911,000 and checking deposits by \$214,000 over the next two years.
6. Following grant award and development of micro-business loan program, help finance 10 new businesses that are expected to add 20 full time and 30 part time positions in the community.

Regarding Holy Rosary's goals and next steps, Carole Wight, CEO summarized them in this way:

"It is our wish to improve the financial education and condition of the majority of parishioners within the low-income areas. Holy Rosary is concerned about helping families thrive. The credit union wants to help each family build upon a secure financial foundation. Family distress is often tied to economic problems. Holy Rosary wants to be there to help people relieve stress and develop financial assets. The family will be strengthened by financial stability and opportunity. Further, the individual will have gained life-long skills and assets. We will have helped to teach a man to fish instead of just giving a meal."

---Carol Wight, CEO of Holy Rosary CU

Conclusion

Holy Rosary Credit Union is a small organization (\$9.2 million in assets) trying to make an enduring and sustainable difference in its community. To accomplish that, it relies on a small group of committed employees (four full-time and three part-time) to wear multiple hats and monitor many aspects of credit union operations. It seeks out a growing number of community partnerships to open doors to the market it is trying to serve and to collaborate on projects to the mutual benefit of all. It looks to state and national organizations, particularly those involved in the credit union industry to provide assistance in program development and examples of best practices and successful projects. It seeks out opportunities for grant funds to help with capacity building and technical assistance. Finally, it relies on a dedicated and committed Board of Directors who understands the perils of poverty and that giving people financial skills and hope strengthens families and the communities within which they reside.

For Carole Wight, CEO, every door that opens may be an opportunity for the credit union to further its mission of helping members improve their financial well-being. Yet each door that opens also often brings new requests for service and assistance to an un-served or under-served group of people. The growth the credit union experienced in 2009 and 2010 demonstrates that outreach activities to under-served markets, particularly the immigrant market, can result in new loyal members and good, profitable business. The rate at which added requests come forward demonstrates the overwhelming need that exists for low-cost services delivered with understanding and compassion of low income households.

The challenge for Holy Rosary Credit Union is managing these pent-up demands in a manner that doesn't create burnout for staff and board, yet doesn't close some of the doors and partnerships the credit union may need for future projects. Good organizations always have more opportunity than can be fulfilled. The trick is to keep enthusiasm high among those waiting while the organization grows and builds capacity.

Developing an expansion strategy plan that addresses how the credit union will manage requests from parishes to be included in the credit union's field of membership will help. Mobile technology that makes the credit union more portable and accessible to outlying parishes and their parishioners will also help. As the credit union adds these technological enhancements, as well as more products and services needed by low-income households, such as micro-business lending, enthusiastic anticipation should remain high among those parishes waiting to be served. A communication link to them that lets them know the progress the credit union is making will help them envision even better service for their parishioners.

For credit unions that want to do or are starting similar outreach to immigrant markets, the following are some lessons learned at Holy Rosary Credit Union:

- Develop partnerships with local organizations that have close connections to the immigrant market you are trying to reach. These organizations will understand the needs of the market and can refer people to your credit union.

- Make sure your partners know what you can and cannot do. You are not going to be able to make loans to every person who applies. Determine with your partners the best way to handle rejections.
- Ensure that you can offer your new members an inviting environment. That means someone that speaks their own language and understands their customs. Compassion and a desire to help can go a long way, but having someone on staff that can translate that compassion and offer of assistance in the person's language can avoid a lot of misunderstandings.
- Like Holy Rosary Credit Union, you may find your credit union inundated with requests from other community organizations to help provide financial services to their un-served or under-served clients. Know your capacity or develop a strategy to address these requests.
- If your credit union does not have a low-income designation and cannot receive grant funds for the activities you want to accomplish, partner with an organization that is a 501(c)(3) not-for-profit with similar interests. Let that organization obtain grant money to fund activities that will benefit both organizations and clients/members.
- Survey your target market either directly or through your partners to determine the financial needs of your new potential members. Take inventory of your own products and services and determine where holes or gaps exist. Remember, many people within your new market may be low-income, low-wealth, and come with credit blemishes or no credit files. Have products or procedures to deal with these real life situations.
- Consider using an advisory panel to provide input to the board and management team. This panel could be made up of your partners and some of the leaders within the immigrant market you want to reach. Not only will you get good, honest feedback about your products and services, but you can groom people to become future board members.
- Find credit unions that are already serving a similar market. Learn from them. Fortunately, most credit unions that are serving un-served or under-served markets are still willing to share information. There is little competition for these markets.

Is the outcome worth the outreach work? Holy Rosary Credit Union is a healthy, growing credit union – even in the current economic environment. With its long history of serving immigrants, it clearly understands that people can be helped out of poverty given the opportunity and can become productive, wealth-generating members of society. The cycle of poverty can be broken

“Everything we do is geared towards helping people manage their money well and increase their assets. We want our members to be financially healthy and have their needs met. We sit with them and hear their stories. We share their dreams and even cry with them. We listen and try to discern how to best help them. We ask questions of them and conduct focus groups and surveys. We have made many changes because of the feedback we have received. Today, we are a better credit union because of outreach efforts.”

---Carol Wight, CEO of Holy Rosary CU

Appendix 1 Contacts&Partners

Name & Location of Partner	Role/Contribution to Project
<p>Reverend Joseph Cisetti, Pastor Brother Jim Krause St. Anthony's Catholic Church 318 Benton Blvd Kansas City, MO 64124 Holy Cross Catholic Church 5106 St. John Ave. Kansas City, MO 64123</p>	<p>Holy Rosary Credit Union and St. Anthony's and Holy Cross Parishes collaborate to provide development services to the Hispanic community. These have been described in a previous section in "Outreach Activities."</p>
<p>Justiniano Menchaca Fuentes Mexican Consulate 1616 Baltimore Ave. Kansas City, MO 64108</p>	<p>Contact was made with Mr. Justiniano Menchaca Fuentes at the Mexican Consulate to become better informed as to what was necessary to obtain the matricula consular card as an ID. The situations of the young adults at the focus group who only had birth certificates and were thus unable to obtain the matricula card were related to him. He indicated the Consulate works very hard with individuals to help them obtain the matricula card, if at all possible. The young adults were referred to the Consulate and eventually obtained their matricula IDs using school records.</p>
<p>Bernardo Ramirez, Executive Director Richard Zarate, Director of Business Development Carmen Lopez-Palacio, Business Development Executive Hispanic Economic Development Corporation (HEDC) 2130 Jefferson St. Kansas City, MO 64108</p>	<p>HEDC partnered with Holy Rosary Credit Union to provide information about starting a business as part of the <i>Sus Finanzas Hoy</i> program. Participants were informed about how to develop a business plan, regulations, and how to obtain financing, if necessary.</p>

<p>Jude Huntz, Director of Human Rights Diocese of Kansas City-St. Joseph 300 East 36th St. Kansas City, MO 64111</p>	<p>Jude Huntz is working with Holy Rosary Credit Union to obtain a Catholic Campaign for Human Development's Economic Development grant. If granted, the money would be used to develop:</p> <ul style="list-style-type: none"> • A small business incubator and lending program; • A strategy for development of branch expansions into new parishes; • Continuation of the credit union's outreach program to Hispanic and other under-served populations. <p>Huntz is also working with another low income Catholic parish to secure funding to provide a financial education program similar to that provided to St. Anthony's parish, but for English-speaking parishioners.</p>
<p>Erika Ramirez, Community Affairs Advisor Federal Reserve Bank of Kansas City 1 Memorial Dr. Kansas City, MO 64198</p>	<p>Erika Ramirez is an immigrant from Mexico who arrived in the U.S. when she was just months old. As a citizen today, she is the Community Affairs Advisor for the Federal Reserve Bank of Kansas City. She has many connections to the Hispanic market in Kansas City and understands the plight and fears of undocumented families. Her own mother was deported when Ramirez was four years old. Ramirez lived with her grandmother who told the young girl that her mother was on vacation. It took several months for Ramirez' mother to return to the U.S. They became citizens during the Regan period. Ramirez was the closing speaker at the graduation ceremony for <i>Sus Finanzas Hoy</i>.</p>
<p>Ximena Pacheco-Diaz, Consultant Leonel Prato, Assistant Commercial Connections, LLC Kansas City, MO</p>	<p>Ximena Pacheco-Diaz developed the curriculum for <i>Sus Finanzas Hoy</i> and was the primary instructor for the program. Leonel Prato was her assistant. Pacheco-Diaz is working with Holy Rosary Credit Union to provide a second financial education session for the Spanish-speaking community as well as other financial and business related programs for the Latino market.</p>
<p>Robert Barrientos R.J. Barrientos & Associates Strategic Marketing, Public Relations & Community Outreach Kansas City, MO</p>	<p>Robert Barrientos represents Latinos of Tomorrow and provided information regarding scholarships and college funding for the <i>Sus Finanzas Hoy</i> program.</p>
<p>Janel D'Agata-Lynch Rebecca Gripp Sofia Marin Susan Engel Catholic Charities 20 W. 9th Kansas City, MO 64105</p>	<p>Catholic Charities provides many programs and resources for the Hispanic and low-income households in the community. Initial discussions have taken place with Catholic Charities about how that organization and Holy Rosary Credit Union might partner together to advance their common purposes.</p>

Appendix 2 Holy Cross Students Learn Money management skills



KANSAS CITY — Sometimes, old ideas recycle very well.

When Carole Wight, president of the Holy Rosary Credit Union, announced that the financial institution would set up a “branch” at Holy Cross School to encourage children to open savings accounts, it sounded familiar to the parents — and even grandparents — of Holy Cross students.

“I’ve had lots of people saying they can remember taking a nickel to school every Monday to put into their savings account,” Wight told *The Catholic Key*.

But the program she launched at the school, with a grant from the National Credit Union Administration, goes far beyond nickels and dimes.

It is a full-blown money management course that seeks to train student leaders, who will be the “officers” of the Holy Cross School branch, to teach other students that dreams are possible with smart planning and wise spending and savings habits.

And it is also at the very core of the credit union movement, which began at a Catholic parish in Canada as a way for an immigrant population to avoid predatory lenders.

“The money isn’t the issue here,” Wight said. “We feel financial education is part of our duty.”

And it’s never too early, she said.

“It’s about teaching kids that they have control over their lives and they can do the things they want to do,” Wight said.

A child who learns to save now will be far less likely to fall prey to a payday or car title lender, who charges sky-high interest rates for small, short-term loans, she said.

And they will also learn that savings makes dreams come true.

With the grant, Wight contracted Mary Mancuso, a teacher at St. James School in Liberty, to write the curriculum based on the award-winning “Biz Kids” model.

Mancuso, along with Holy Cross teacher Janet Dixon, are now teaching the curriculum to a core group of 10 selected students who will then serve as mentors for their peers.

Each of the 10 students will receive a \$25 savings account upon completion of the course, to which they can regularly add their own savings.

The students will also set up savings accounts for other students, who may also add whatever they want at a regular basis, right at the school.

“We’ll take 10 cents,” Wight said. “We want to teach kids that there is hope, and there are options.”

Wight said that one of the points being stressed is the importance of maintaining a good personal credit rating.

“A person who has a poor credit score pays \$250,000 more in interest over a lifetime just because they have poor credit,” she said.

That is money that is going directly into somebody else’s profit line, instead of fulfilling the dreams and ambitions that the children may have.

The course stresses the importance of financial planning, and of starting small.

The students learned that billionaire Bill Gates launched Microsoft out of his garage. On a smaller scale, they learned of a teenager in Port Orchard, Wash., who used savings from her allowance and babysitting job to open a highly profitable candy store.

But both Microsoft and the candy store were launched only after careful market research and planning, Mancuso told the students.

“They took a risk that it might bomb and not be successful,” Mancuso told the students. “In order to make that investment, you have to have a personality willing to take a risk. But you also have to do research. Opening a business means you have to have a plan.”

Mancuso led the students at a March 30 session, their fourth in the series of after-school studies, through exercises to set spending, savings and donation goals, telling the students that it is also important for a successful business to give back to the community that has made it profitable.

She encouraged students to separate needs from wants in their spending goals, and to prioritize immediate needs from those that can wait.

The students absorbed the information like a dry sponge.

“When you grow up, you’re going to have to know how to save money so you don’t wind up on the street,” said Holy Cross student Jasmin Dang.

“You are going to have to know how to take risks so you can succeed in life,” added Mariel Fierro.

“I learned that if you invest in a savings account, you can earn a lot of interest,” said Gina Tarantola. “You will have money building up for when you need it, and it’s OK to start a business if you know how to manage money.”

The students listed among their goals to have money for college. And among their donation goals, every student listed Holy Cross School.

Appendix 3 Holy Rosary Staff Training

- 1) Each person introduces herself/himself
 - a. If an immigrant, when they came to this country & how
 - b. Their experiences as a new immigrant to this country
 - c. If not an immigrant, were parents or grandparents immigrants? Their stories.
- 2) Discussion of immigration in U.S.
 - a. About 1/5 of U.S. population (60 million) are immigrants or children of immigrants
 - b. A crucial part of our national story has been the way we open arms to embrace those aspiring to a new life in a new land
 - c. Latino and Asian immigrants follow the same patterns of assimilation to mainstream culture as previous immigrants from Italy and Germany. By the second generation, for example, half of Latino immigrants are English-dominant and the rest are bilingual. By the third generation, about 80% are English-dominant and the rest are bilingual.
- 3) Discussion of why the CU is committed to outreach to the Hispanic community - Carole
 - a. History of CU outreach to immigrants
 - b. Request from Father Cisetti
 - c. Unmet financial needs
- 4) Staff questions/concerns/member criticisms to serving this market – particularly if they are here illegally
- 5) Discussion of Hispanics who come to this country as immigrants, but are here illegally
 - a. Anyone born in U.S. is automatically a U.S. citizen, even if the parents are not
 - b. Half of undocumented people in U.S. have children; 2/3 were born here, making them citizens
 - c. This places millions of families in jeopardy, at risk of separation
 - d. Discussion of families from focus group – fear of separation from their families and being deported
 - e. In many states (including Missouri) a person can't get a driver's license if not here legally; also can't fly on a plane
 - f. In 1978, a new law capped the number of immigrant visas allowed from any single country at 7% of the overall total. While this did not affect a small nation with few applicants – Iceland, for example – it heavily impacted a large neighboring country like Mexico, where visa requests greatly exceeded the cap of 20,000 visas per year. The cap exists today.
 - g. Immigration Reform and Control Act of 1986
 - i. Provided amnesty to 2.7 million undocumented immigrants – biggest amnesty program in U.S. history
 - ii. It also set a highly restrictive cap on low-skilled workers at 10,000 visas a year, and in many years it was reduced to 5,000
 - iii. The demand for low-skilled, low-paying jobs in the U.S. was more than the U.S. workforce could satisfy, encouraging more immigrant workers to cross the border illegally.
 - h. 1996 Immigration Law
 - i. If undocumented workers already in the U.S. applied for a Visa, they have to leave the country and wait as long as 10 years to return, separating them from their families

- i. By 1995, approximately 1 million immigrants were coming to the U.S. each year (Pew Hispanic Center), the majority of them without permission
- j. More than 80% were arriving from Mexico and Latin America; half from Mexico alone – the U.S. economy wanted to employ them, legal or not
- k. An estimated 12 million undocumented persons now live in the U.S.
- l. For a U.S. citizen wanting to sponsor a brother or sister, the waiting time can exceed 20 years
- m. Under pressure from anti-immigration groups, law enforcement officers recently have begun criminalizing what was until now a civil offense, and workplace raids by Immigration & Customs Enforcement have increased under its Detention and Removal Operations program
- n. Studies show that undocumented immigrants pay more in Social Security and sales taxes than they cost in social services like health care and education. In fact, they actually pay far more in overall taxes than they receive in benefits from various governments.