Financial Innovations for Homeownership in Distressed Communities
St. Louis Community Credit Union

- Not-For-Profit Financial Cooperative
- $250 Million in Total Assets
- 14 St. Louis Area Locations (soon to be 15)
- Over 53,000 member-owners
- Federally insured and regulated by the National Credit Union Administration (NCUA)
St. Louis Community Credit Union

- Community Development Financial Institution (CDFI)
  - Designated by United States Treasury Department
- Low-Income Designated (LID) Credit Union
  - Designated by National Credit Union Administration
- Community Development Credit Union (CDCU)
  - Member, National Federation of Community Development Credit Unions
Leveraging Our Strengths

• Funding
  – Public, private, and philanthropic investments help to expand our capacity to serve the financially underserved

• Advocacy
  – Speaking for our members is a key component of how we work to achieve our mission

• Strategic Partnerships
  – By aligning with individuals and organizations that can help us to achieve our mission, we are better able to serve our members
Accessibility + Financial Products + Financial Education = Financial Capability
Accessibility

• 14 St. Louis area locations (15 very soon!)
  – 8 in St. Louis County
  – 6 in St. Louis City
  – Based in areas lacking financial services

• Traditional locations

• Micro-branches
  – Located within non-profits
  – $4.8 million in loans from all three micro-branches combined
Carrollton Bank

• 140 year old privately owned community bank headquartered in Carrollton, IL (60 miles north of St. Louis)
• $1.4 billion in assets
• 9 branches (7 branches in St. Louis MSA)
• Primary service offerings include commercial loans, home mortgages, treasury management services, consumer deposits, credit builder loans, and second chance checking accounts
• Community development focused to achieve high impact in underserved communities
A Mission Driven Partnership

Credit Union and Bank partnership established in 2012 to meet the needs of low- and moderate-income populations in St. Louis

- Small Dollar Loan Fund
- Financial Education Center
- Marketing Support
- Micro-Branch
- Commercial Loan Partnerships
- Home Loan Referral Program

Partnership exists to better leverage the respective resources for maximum impact in the community.
Home Loan Referral Program

- Utilizes SLCCU’s branch platform to make home loans accessible to 55,000 members
- Carrollton Bank provides:
  - “back office” to process home loan applications
  - Training to SLCCU staff
  - Marketing support
  - Home loan officer dedicated to program
  - Financial education and coaching as needed for applicants who don’t initially qualify
No Ordinary Home Loan

• High-touch approach to encourage members interested in home ownership to inquire and apply for a home loan
• Hands-on process to keep applicants on the path to home ownership even if they don’t initially qualify
• LMI applicants have heightened difficulties in qualifying and frequently need SLCCU or Carrollton Bank assistance to stay on track even after approved for a home loan
Home Loan Referral Process

• SLCCU provides initial contact in branches
• SLCCU takes application in person or refers member to online application
• SLCCU makes initial loan decision
• Approved applicants are referred to Carrollton Bank home loan officer to proceed with application process and to eventual loan closing
• Downpayment assistance programs utilized for LMI applicants
Home Loan Denials

- Applicants are typically denied because of low credit scores
- Applicants are immediately invited to attend homebuyer class and other financial education classes provided at Prosperity Connection Excel Center staffed by Carrollton Bank team
- Free credit coaching available from Prosperity Connection coaches
- Applicants are encouraged to obtain Credit Builder Loan
- Totally Free Checking Account and second chance account are available if needed/wanted
Extra Care

• Many applicants never thought they would own their own home
• Can take two years for some applicants to qualify
• Carrollton Bank home loan officer stays involved throughout the process
• Free financial education and coaching continually available
Results 2015-2016

- 1,215 applications received
- 82 home loans closed
- Only 7% of applications resulted in closed loan
- $128,000 average closed loan amount
- $35,000 average annual income
- 642 average FICO score for approved applicants (need 620 to qualify)
- Scores for denied applicants typically in low 500 range
- Closed loans located in some of most challenging St. Louis neighborhoods = success!
Marva’s Story

- Refinanced mortgage
- Consolidated CC debt
- Began saving more $$

“It’s freed up money for me…I didn’t want to live an die with this CC debt over my head. Now I’m doing just fine.”
Anne’s Story

Plumbing leaking
Heating/Air issues

FHLB grant for CAASTLC = $300k

Home repair and weatherization

“This house, at 3:00 in the morning would be so cold. At 3:00 THIS morning, it was heaven.”

Healthier, decreased medical and utility costs
Wealth Accumulation Center

Three facilities in one:

1. Alternative Financial Services (AFS) at Reduced Price Points
   - **RedDough Money Centers™**
2. Mainstream Financial Services
   - **St. Louis Community Credit Union**
3. Financial Literacy/Life Skills Training
   - **CU Excel Center®**
WAC Vision:
Reduce Poverty and
Generate Upward Mobility

Deploy 2-4 regional, non-profit
Wealth Accumulation Centers
(WACs) in St. Louis to provide:

- Financial Education
- Benefits Analysis
- Affordable Banking Products and Services
Financial Coaches
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