



COMMUNITY LOAN CENTER
OF AMERICA
Affordable Small Dollar Loans

Introduction & Overview



The Community Loan Center of America combats predatory payday and auto title lending while providing a sustainable and scalable social enterprise.



Many American workers live paycheck to paycheck

47% of Americans surveyed said they do not have \$400 available for an emergency

-Source: 2013 Report published by the Federal Reserve Board






THE PROBLEM: PAYDAY & AUTO TITLE LOANS




\$ 5.2 Billion
The industry of payday and auto-title lending in our state

Waco, Texas

-  **2,018**
Payday and Auto Title Lenders
-  **\$2 Billion**
Fees charged Texans in 2019
-  **42,878**
Cars repossessed in Texas in 2019

Our Community

Millions of dollars are stripped from our community every year!

 20 Payday & Auto Title lenders	 \$9 Million Fees charged	 453 Cars repossessed
Waco MSA in 2019		

A \$1,000 loan costs a Waco borrower
664% APR
↑
EMPLOYEES' FINANCIAL STRESS

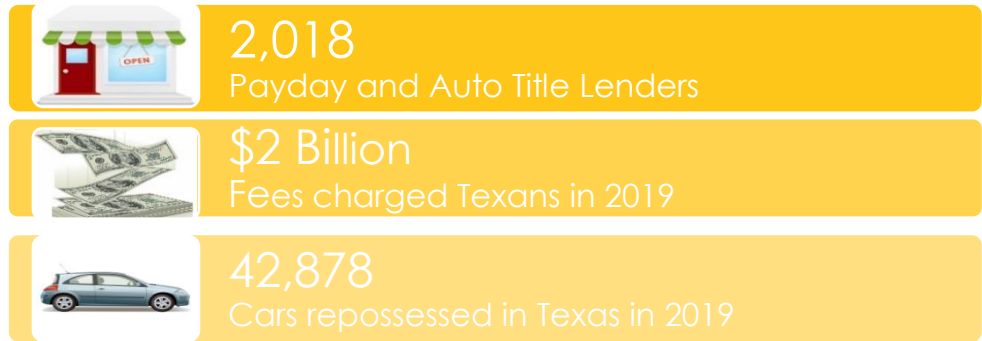
THE PROBLEM: PAYDAY & AUTO TITLE LOANS

Houston, Texas



\$ 5.2 Billion

The industry of payday and auto-title lending in our state



Our Community

Millions of dollars are stripped from our community every year!



404

Payday & Auto Title lenders



\$299

Million Fees charged



9,807

Cars repossessed

A \$1,000 loan costs a Houston borrower

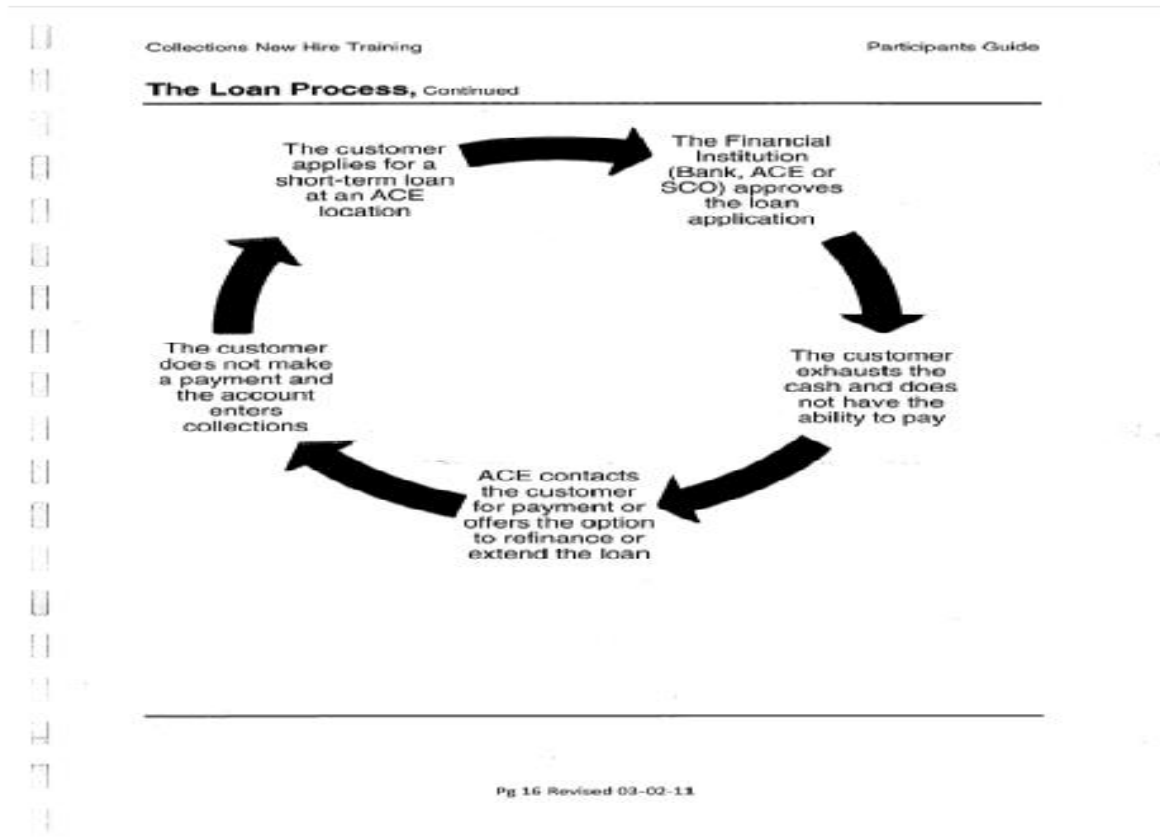
664% APR



EMPLOYEES' FINANCIAL STRESS

Houston MSA in 2019

Graphic from ACE Cash Express Training Guide



Predatory Financial Practices: Affects the workplace

83% of human resources professionals reported that financial stress is having a negative impact on employee work performance in their organization.

*-Source: Society for Human Resource Management, SHRM Research
Spotlight: Financial Education Initiatives in the Workplace, 2012*

Employees want more financial security

Four in 10 employees reported that they want help in achieving financial security. *-Source: MetLife, 10th Annual Study of Employee Benefits Trends: Seeing Opportunity in Shifting Tides, 2012*



The Solution: Community Loan Center

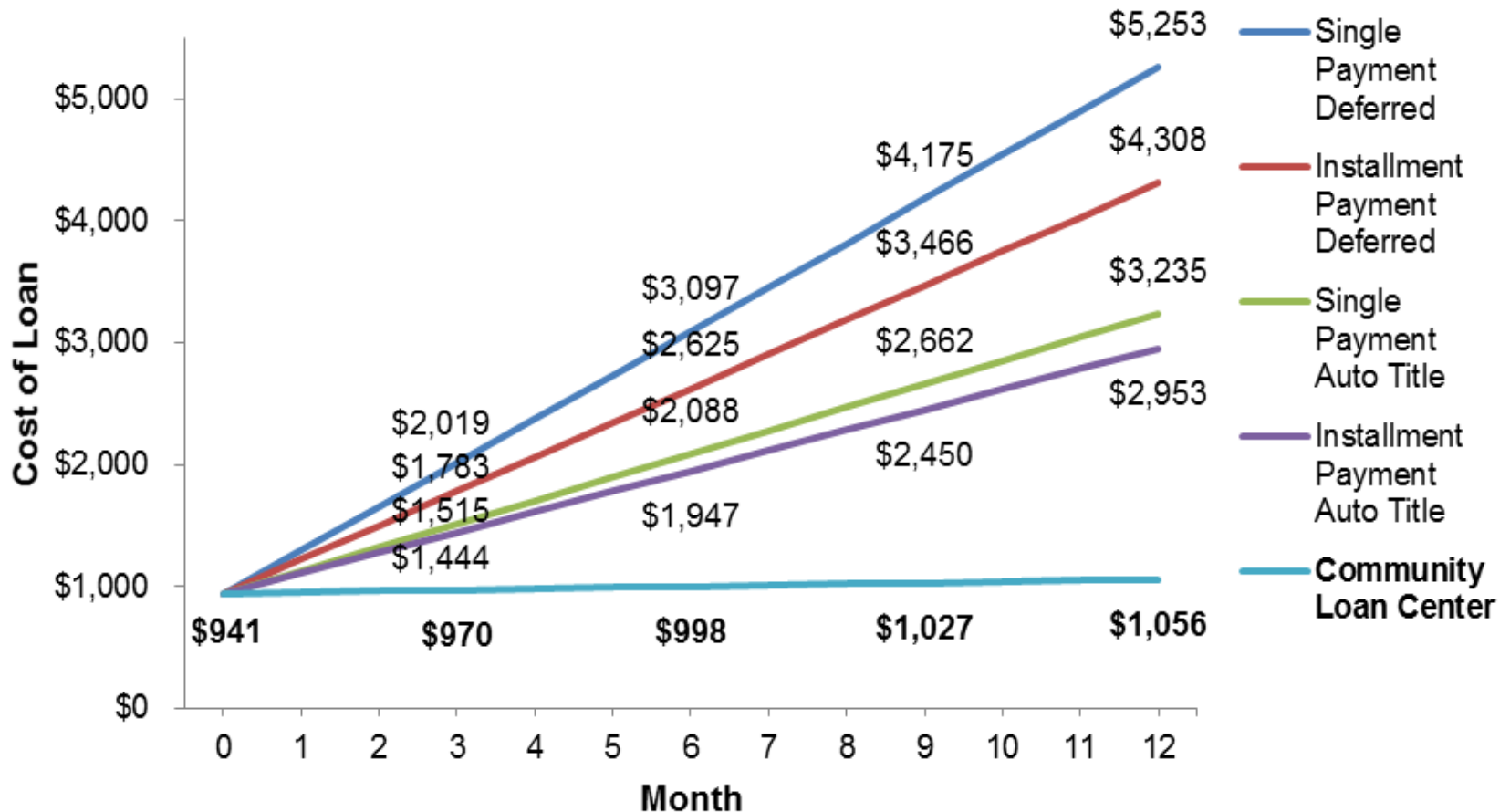
- Alternative: Market-Based Approach
 - Fairly priced, reasonable terms, direct competitor
- Sustainable and Scalable
- Employer Based
 - Only available to employees of enrolled employers
- Improved Efficiencies
- Nonprofit Driven

Community Loan Center Terms

- \$1,000 Loan Maximum
 - Or up to half of borrower's monthly gross pay
 - One Year Loan term
- 18% Interest (21.83% APR)
- \$20 origination fee
- Relaxed underwriting
- No collateral
- No Prepayment Penalties
- Repayments \$23.38/week to \$94/month

Community Loan Center Comparison

**Average Cost of a Small-Dollar Loans
(One-Year Projections by Loan Type)**



Who We Are



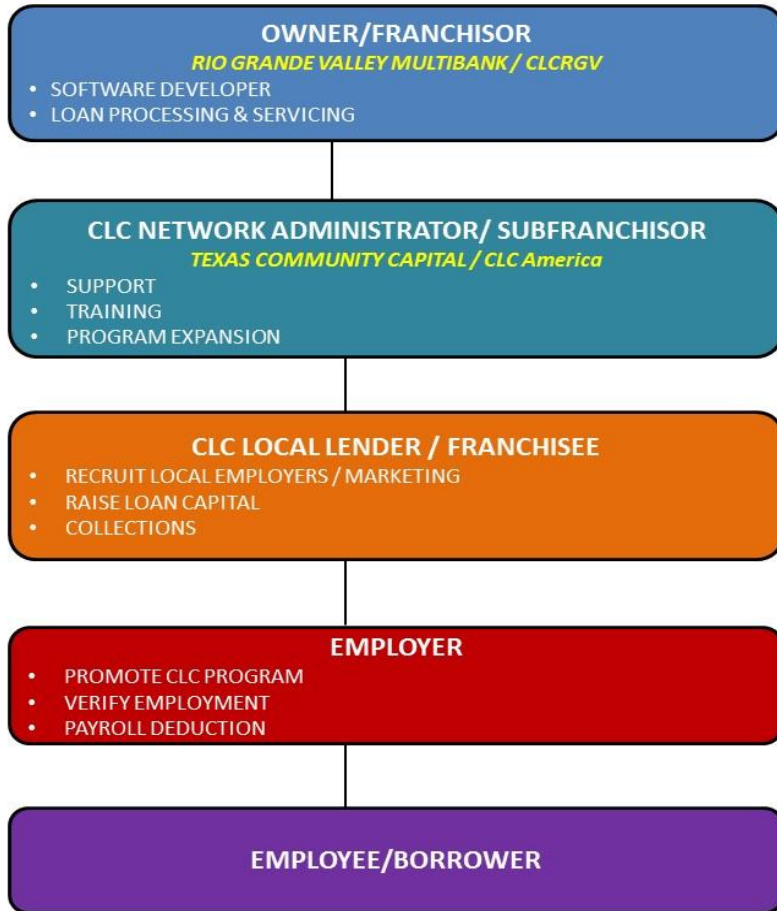
What We Do and Who Does What?

- Rio Grande Valley CLC (Franchisor)
 - Owns and Maintains Software and Intellectual Property
 - Contracted to Fund and Service All Loans on Behalf of Local Lenders
- Texas Community Capital/CLC America (Sub Franchisor)
 - Sublicense Software and IP to Local CLC Lenders
 - Provides Training and Creates Intellectual Property, including Marketing Materials, Co-Branding, and Program Guidelines
- Local CLC Lenders (Franchisee- CLC West Central Indiana)
 - Recruit Employers to Participate in Program
 - Raise Loan Capital to Originate the Loans
 - Become a Licensed Lender via State Regulatory Agency (e.g. Texas OCCC)
- Employer (Customer)
 - Markets to employees and Verifies Employment for Local Lender

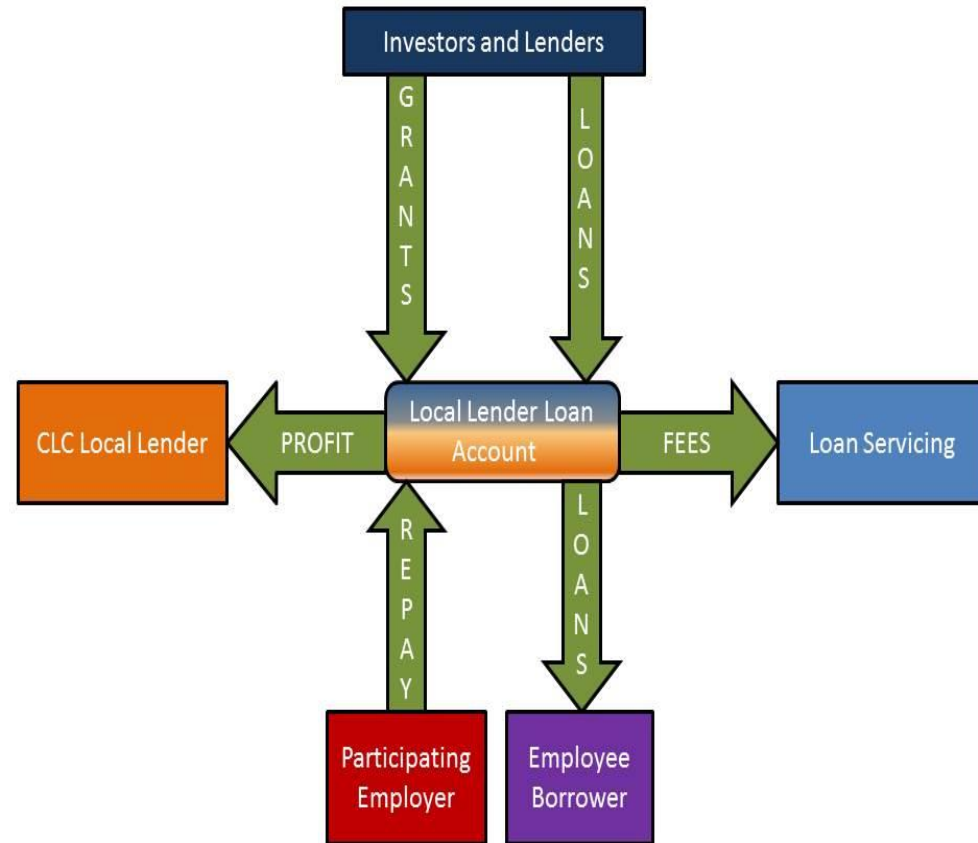
Texas Community Capital

- Provide Contracting Services for CLC Program
- Training/Capacity Building
 - 10 one-hour Training Sessions for new staff
 - Biweekly group calls with all lenders
- Web Services if Needed
- Access to Branded Promotional Material

CLC Network Relationships



SMALL DOLLAR LOANS: FOLLOWING THE MONEY



System Structure

- Proprietary Online Software (KENN System)
 - Online Application (open 24 hours)
 - Employer Portal (verify employment, payment)
 - Local Lender Administrative Portal
 - Administrative Portal
 - loan servicing, fund transfer, payments
 - All loan funding and servicing handled by the Rio Grande Valley Multibank CDFI
- Jobs and Processes Automated for Efficiency

WELCOME TO THE COMMUNITY LOAN CENTER

[español](#)

We will walk you through the application process. The application will take approximately 10 to 15 minutes to complete. You will need the following information:

- Social Security Number
- Driver's License or Other Identification
- Employment Information
- Bank Information
- References





Most loans are approved and funded within 2 business days!

Click-wrap License Agreement

These Terms and Conditions are a legal contract between you (either an individual or a single business entity) and Community Loan Center Corporation, a Texas corporation ("CLC"), for the use and operation of technology and software for the online origination and servicing of loans made in connection with the Affordable Small Dollar Loans Program, which includes computer software and, as applicable, associated media, printed materials, and "online" or electronic documentation (collectively, the "Service").

BY CLICKING THE ICON BELOW, OR BY REGISTERING FOR USE OF THE

Supported Web Browsers

-  Microsoft Internet Explorer, Version 7.0 or higher
-  Google Chrome, Version 30 or higher.
-  Firefox, Version 4.0 or higher.
-  Safari, Version 5.0 or higher

You will also need  Adobe PDF Reader to View Your Loan Documents.

I Agree with the Terms and Conditions



[Loan Status](#)

PERSONAL INFORMATION

[español](#)

Tell us about yourself. The application is a secure form and your personal information is encrypted for your protection.

First Name	<input type="text" value="John"/>
Middle Name *	<input type="text" value="Adam"/>
Last Name	<input type="text" value="Doe"/> <input type="button" value="v"/>
Address	<input type="text" value="1234 E Levee"/>
Apt/Unit	<input type="text" value=""/> <input type="text" value=""/>
City, State, Zip	<input type="text" value="Brownsville"/> <input type="text" value="TX"/> <input type="text" value="78520"/>
Email Address *	<input type="text" value="none@none.com"/>
Home Telephone	<input type="text" value="956-555-4444"/>
Mobile Telephone *	<input type="text" value="956-344-2828"/>
Social Security Number	<input type="text" value="132-11-3847"/>
Date of Birth	<input type="text" value="1/1/1980"/>
Sex	<input type="text" value="Male"/>
Identification / Number	<input type="text" value="Driver's License"/> <input type="text" value="13899343"/>
Family Size / Ages *	<input type="text" value="1"/> <input type="text" value="na"/>
Immigration Status	<input type="text" value="United States Citizen"/>
For Housing, I	<input type="text" value="Rent an Apartment or Home"/>
I've Lived Here Since	<input type="text" value="January"/> of <input type="text" value="2017"/>

* Optional

Continue



[Loan Status](#)

EMPLOYMENT INFORMATION

[español](#)

Tell us about where you work and your income.

Employer	<input type="text" value="Community Development Corporation"/>
My Department	<input type="text" value="Welding"/>
My Job Title	<input type="text" value="Welder"/>
My Employee or Badge # is	<input type="text" value="785473"/>
I Started In	<input type="text" value="January"/> of <input type="text" value="1994"/>
My Supervisor is	<input type="text" value="Jim Walker"/>
My Supervisor's Telephone is	<input type="text" value="956-345-9383"/>
I Earn	<input type="text" value="14.50"/> per <input type="text" value="Hour"/>
Weekly Hours	<input type="text" value="40"/>
Full Time	<input type="text" value="Full Time"/>
My Payroll Cycle is	<input type="text" value="BiWeekly (Bi-Weekly)"/>

[Continue](#)

[Home](#) | [Borrowers](#) | [Employers](#)

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Benefits To Employers

- Attractive and innovative employee benefit
- No direct cost to the employer
- Reduces employee financial stress
- Increases workplace morale
- Fully automated loan processing system
- Loan program is simple to administer
- Free financial counseling to borrowers

CLC Program Success

- Over 71,000 loans to date across 7 states
- Over \$60 million loaned to borrowers across the network
- Active at over 185 employers covering over 125,000 employees
- 3 of the 11 largest cities in the US now offer the CLC program to their employees
- 4% Loan Loss Network Wide
- Saved borrowers over \$50 million compared to Texas Payday Loans

Program Goals and Impacts

- Short Term: Expand this successful program that has a real impact in workers lives.
 - 10 Additional CLC Lenders in next 24 months
 - 30,000 loans in next 24 months
- Long Term: Build a sustainable social enterprise for nonprofits that is scalable both locally and nationally.
- If we only serve 7,000 clients and save each \$500 network wide, we give \$3.5 million back to borrowers.

Program Evaluation

The CLC Program will be evaluated initially on the following criteria:

- Total loans originated
- Total capital lent to borrowers
- Total loan originated per location and employer
- Rate of Delinquencies
- Rate of Defaults
- Number of CLCs operating
- Estimates on savings per borrower and community.
- Texas Appleseed hired for more in-depth survey and analysis
 - Demographics, Impact of Program on Financial Health

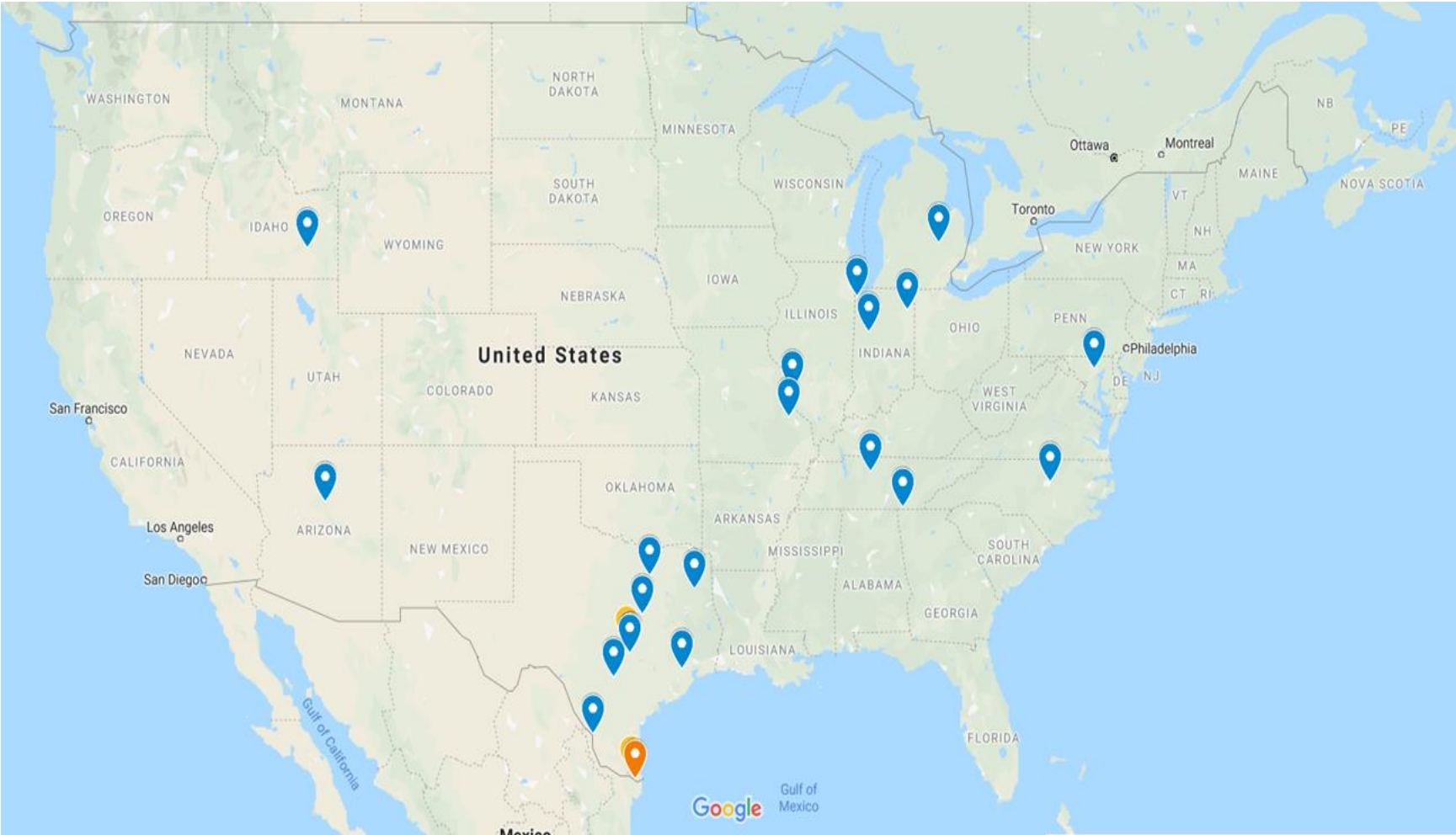
CLC Borrower Survey Findings

- 96% view CLC program as an employer benefit
- 40% learned of the program through a coworker
- Over 94% thought loan process was easy
- 79% used the borrower portal to access account
- Use of Funds: Paying bill (47%), special occasion (28%)
- 100% of borrowers would recommend to a friend
- 98% would borrow again if needed.

CLC Research Results – CFPB Financial Wellness

- CLC borrowers look like payday loan borrowers, yet rate themselves 11 points higher than payday loan borrowers
- Increasing savings and decreasing debt have largest impact on financial well being
 - 41% of CLC borrowers increased savings (55 FWBS)
 - 66% of CLC borrowers reduced debt
 - 49% “somewhat” (53) 17% “a lot” (58)
 - 78% used CLC more than once. Additional loan usage coincides with greater financial well being.
- 44% Increased Credit Score

Nationwide Expansion



Bringing the CLC to Your City/Region

- Complete Application & Commit to Being Local Lender
 - Local Lender to be State Licensed
- Goal to raise \$150,000 in Loan Capital
 - Administrative Support for 1 FTE
- Recruit Employers (public and private)
 - 1,000 Employee Initial Goal
 - Main funding will come from Banks, Foundations, Public Sources, and other institutional investors.
- Local Partnerships to recruit employers
- Provide Financial Counseling/Coaching when requested
- Report borrower credit history to at least one credit bureau

What Does It Really Take?

- On the Ground Solutions
 - Type of Organization
 - Staffing
 - Fundraising
 - Marketing
 - Educating and Training Employers
 - Collections
 - Program Customization
 - Providing Support for Other CLCs

CLC Revenue

- 18% interest on \$1,000 loan (\$96.41/loan)
- \$9.50 of the \$20/loan orig. fee

CLC Fees

- \$10.50/loan of the \$20 loan origination fee
 - Paid by borrower to RGVCLC for software, etc.
- Servicing Fee .45%/mo. of Loan Balance
 - For 12 month \$1,000 loan, total fee is \$30
- Annual Franchise Fee \$2,500
- Any State Licensing Fees

What Are We Asking

- Consider participating/apply to join the program
- Become a licensed regulated lender by your state
- \$2,500 CLC annual licensing Fee
- Dedicate a staff person to recruiting and training businesses
- Proof of insurance
- Work with CLCA/TCC to raise lending capital
- Work with your borrowers if loans become delinquent

Frequently Asked Questions

- Financial Counseling
- CDFI Data
- Reporting to Credit Bureaus
- Break Even Analysis/Profitability
- Targeting Employers
- Raising Loan Capital / CRA
- Adequate Staffing
- Customer Service
- Training / Networking

Contact

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