

Model 10: GoodMoney PayDay Loan A Not-for-Profit Alternative

Prospera Credit Union

4830 N. Ballard Rd.

Appleton, WI 54913

www.myprospera.com

Assets: \$154 million

Members: 16,101

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Prospera Credit Union (Prospera CU) has offered its GoodMoney Payday Loan since 2005. Similar to a traditional payday loan, eligible member walk-in applications are accepted and 89% are approved..

Loan Features:

- \$9.90 per \$100 borrowed (APR of 257% for 14-day loan)
- 14-day term
- Majority of payments are set up as ACH
- Upon the 3rd loan rollover, GoodMoney members receive a letter with a voucher offering a free individual counseling session (up to \$50 value) with Financial Information Service Center (FISC), a nonprofit accredited consumer credit counseling agency. If the voucher is used and signed by a FISC counselor, the member's next loan is fee-free.

Underwriting Criteria:

- At least 18 years of age
- Must be eligible for membership – if a nonmember, a new membership is created
- Minimum income requirements based on geographic area and time at current job
- Must provide the following documents:
 - Two forms of ID; one must be an unexpired photo ID
 - Checking account statement
 - Utility bill (for address verification)
 - Recent paycheck stub
 - GoodMoney application form

Procedures:

CL Verify is used as subprime data base. Regulations for rate, number of loans and number of rollovers allowed vary by state.

Results as of November 2008:

- 1,597 members served, most of whom were new to Prospera CU
- Loan balance outstanding: \$107,000+
- Average loan amount: \$400
- Average number of times members use the product in 12-month period: 7
- Fee income (through 11 months): \$167,000
- Loan losses (through 11 months): \$57,697
- Losses average \$4.60 of the \$9.90 per \$100 borrowed
- GoodMoney delinquency as of November 2008:
 - 30 days or less: 19 loans
 - Over 30 days: 8 loans
- 1,347 referrals have been made to FISC; 33 individuals have followed through with counseling.
- Through 2007 and 2008, 46 GoodMoney members have been converted to a traditional loan with termed payments

Demographics of GoodMoney Borrowers:

- Gender
 - 42% male
 - 58% female
- Age
 - 18-34 38%
 - 35-54 40%
 - 55-64 8%
 - 65+ 4%
- Income
 - <\$25,000 39%
 - \$25K-\$45K 24%
 - \$45K-\$65K 7%
 - \$65K+ 2%
- Marital Status
 - Married 36%
 - Unmarried 57%
 - Separated 2%
 - Unknown 4%
- Homeownership
 - Own 46%
 - Rent 53%

Collection Activity Procedures:

Collection begins on the first day of delinquency with a phone call to the member. A letter is sent on day five, followed by another phone call. At 30 days, a legal notice is provided to the member. Loans are charged off at 45 days.

Marketing:

GoodMoney is marketed in several different ways, both internally (branch and Goodwill store) and externally. Each of the five credit union branches has external signage on the building. Marketing is heavily focused on public relations.

About GoodMoney Payday Loan Turnkey Solutions

GoodMoney is now being marketed by Prospera CU as a turnkey solution for other credit unions. The brochure below describes the two options available.

These are some additional questions and responses to the GoodMoney turnkey solution.

Is GoodMoney licensed to do business in other states?

GoodMoney is a registered trademark through Prospera CU. Prospera CU is not licensed to do business in other states outside of Wisconsin at this time. However, if a credit union chooses the GoodMoney program they will sign an agreement with Prospera CU allowing them to use the trademark (if they choose the branded option) with the caveat that they follow minimal guidelines outlined by Prospera CU.

What are the costs associated with using the Turnkey Solution?

The branded (GoodMoney) option carries a one-time fee of \$3,750 plus a per-application fee of \$2.25; the self-branded option carries a one-time fee of \$3,000 plus a per-application fee of \$2.25.

How many other credit unions are using the program?

There are currently two other credit unions using GoodMoney: Superior Choice Credit Union (\$159 million in assets) in Superior, WI and Delta County Credit Union (\$70 million in assets) in Escanaba, MI.

GoodMoney[®]
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TURNKEY SOLUTIONS

*A complete, cost-effective, turnkey solution.
Be up and running in as little as 90 days!*



Designed to help your credit union start, brand, market, maintain and evolve a payday lending program.

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*Are you considering a
payday loan program
for your organization?*

Choose from 2 packages:

1 package

GoodMoney Consulting with Brand

- Beginner's guide including assistance with obtaining board approval, payday loan policy, financial pro forma and much more
- Advertising and public relations support including marketing materials and templates, and trademark guidelines
- Complete operations manual including program set-up, suggested underwriting criteria, pricing, procedures and much more
- Initial training, ongoing support and comprehensive training manual including procedures for frontline and back-office staff, from taking and verifying an application, to collecting practices, procedures and timetables
- User group meetings to share best practices and data reports for use in benchmarking your operation in comparison to other GoodMoney users
- Fully automated web-based loan origination system
- Minimum one-time start-up fee
- No minimum monthly transaction fee
- Small per-application fee

2 package

GoodMoney Consulting Self-Branded

- Beginner's guide including assistance with obtaining board approval, payday loan policy, financial pro forma and much more
- Advertising and public relations support including marketing materials
- Complete operations manual including program set-up, suggested underwriting criteria, pricing, procedures and much more
- Initial training, ongoing support and comprehensive training manual including procedures for frontline and back-office staff, from taking and verifying an application, to collecting practices, procedures and timetables
- Fully automated web-based loan origination system
- Minimum one-time start-up fee
- No minimum monthly transaction fee
- Small per-application fee



A nationally recognized program featured in USA Today, New York Times, industry trade journals and winner of the 2007 Herb Wegner Memorial Award!

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