

Model 8: Fast Ca\$h Loan

1st Financial Federal Credit Union

1550 Country Club Plaza
St. Charles, MO 63303

www.1stfinancialfcu.org

Assets: \$204 million

Members: 27,815

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1st Financial Federal Credit Union (1st Financial FCU) launched its Fast Ca\$h Loan product in February 2008. The Fast Ca\$h product is marketed with the tagline “Fast Ca\$h...when you need it most.”

Loan Features:

- \$500 advance only
- Closed-end
- 30-day term
- 10% APR
- \$50 application fee – collected in cash or taken from \$500 advance
- Any method of payment permitted
- Loans can be renewed up to three times; \$50 application per renewal
- If balance still unpaid after three renewals, can convert to a six-month amortized loan

Underwriting Criteria:

- At least 21 years old
- Valid driver's license or state ID
- 30 days membership in good standing
- Savings and/or checking account in good standing at 1st Financial FCU
- Minimum monthly income of \$1,000
- 60 days employment; must provide pay stubs for 2 consecutive months
- Resident of MO/IL
- Must have lived at current address for at least 60 days
- No loan in collection status with 1st Financial FCU
- No short term loan outstanding with 1st Financial FCU
- Not in current Chapter 13 plan or prior bankruptcy within last two years

Results for February through October 2008:

- Average number of outstanding loans per month: 48
- Average outstanding loan balance per month: \$24,000
- Average number of times members used Fast Ca\$h over period: 3
- Average loan amount: \$500
- Loan fees (since program began): \$20,000
- Interest income (since program began): \$4,000
- Losses (since program began): \$1,500
- Fast Ca\$h delinquency as of October 2008:
 - 2 loans > 60 days
 - 3 loans > 100 days

Samples Included:

- Fast Ca\$h marketing brochure (Exhibit 1)

Exhibit 1: Sample Marketing Brochure

“**Fast Cash...**
when you need it most”

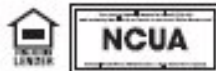


What you will need for your **Fast Cash** loan:

- Must be at least 21 years old
- Valid Driver's License or State ID
- Savings and/or checking account in good standing at 1st Financial
- Minimum monthly income of \$1,000
- 60 days of employment - pay stubs for 2 consecutive months
- Must be resident of MO/IL
- Must have lived at current address for at least 60 days
- Must not have a loan in collection status with 1st Financial FCU
- Must not already have a Short Term Loan outstanding with 1st Financial FCU
- Must not be in a current Chapter 13 plan or prior bankruptcy within last two years



12/07



Fast Cash



“Short on funds between pay periods?
Get \$500 cash in an instant.”



Fast Cash...

when you need it most

Have you ever ... fallen short on funds between paychecks but didn't want to fall prey to the traditional payday lending trap? Payday lenders charge between 200-1000% on money borrowed.

Don't get trapped.

Save money with *Fast Cash* from your credit union.

Fast Cash gives you:

- \$500 for a 30-day period.
- Quick application process.
- Upfront application fee- \$50.00*
- Low 10% APR**

**1st Financial can help you get the cash you need
for less than the traditional payday lender**

*If \$500 is not paid in full, loans can be renewed up to three times. \$50 application per renewal.

**Annual Percentage Rate (APR) is 10% for 30 days per \$500 loan.

Apply for *Fast Cash* today!*

- Apply in person at any branch location



Alternatives to Money Traps

According to a study by the Consumer Federation of America, the Annual Percentage Rate on a \$100 loan for 14 days ranged from 200% to 1092%. Not only are the loans expensive, but many people end up trapped in an endless loan, rolling over the loan and fees every two weeks.

Options instead of Traditional Payday Loans:

- **Use *Fast Cash***- 1st Financial's *Fast Cash* allows you to borrow \$500 for 30 days with a low application fee of \$50. This short-term loan can save you money over the traditional payday loan.
- **Save money for a rainy day**- By saving money on a regular basis (weekly, bi-weekly) you will have money for emergencies. Pay yourself first by automatically depositing \$10 a week into a savings account for emergencies or a rainy day. Just \$10 a week = \$520 a year.
- **Apply for a low limit credit card from 1st Financial**- The 1st Financial's Classic Visa carries a competitive 16.9% Annual Percentage Rate. Credit cards are good for emergencies, and you can choose to pay the balance in full each month or pay 2% of the balance.

* See back of brochure for *Fast Cash* application requirements.