

## Model 9: PayDay Advance Loan

### **Rivermark Community Credit Union**

8505 SW Creekside Place

Beaverton, OR 97008

[www.rivermarkcu.org](http://www.rivermarkcu.org)

**Assets: \$415 million**

**Members: 46,314**

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Rivermark Community Credit Union (Rivermark Community CU) has been offering its PayDay Advance Loan since January of 2008.

#### **Loan Features:**

- Closed-end
- \$50 minimum advance; \$500 maximum
- 25% APR
- \$15 application fee
- 30-day term
- Limited to six PayDay Advance Loans in a calendar year

#### **Underwriting Criteria:**

- At least 18 years of age
- Must be a Rivermark Community CU member for at least six months
- Provide most recent paystub or proof of income from disability, Social Security or pension
- Provide current photo ID
- Provide name, address and phone number of a personal reference
- Loan amount is limited to 20% of gross monthly income up to \$500

#### **Procedures:**

For his/her first PayDay Advance Loan, a member must visit one of Rivermark Community CU's branches and complete a short application. No credit checks are completed. For subsequent advances, members can call the credit union's phone center and make the request. Funds are deposited into the member's checking or savings account.

#### **Results from January through November 2008:**

- Average number of outstanding loans per month: 70
- Total number of advances made for period: 2,805

- Average \$ outstanding balances per month: \$21,182
- Total \$ loans advanced during period: \$1,112,671
- Average loan amount: \$396
- Average number of times members use PayDay Advance Loans: 3
- Fee income (through 11 months): \$42,638
- Interest income (through 11 months): \$20,255
- PayDay Advance Loan delinquency as of November 2008:
  - Less than 30 days    17 loans       \$4,664
  - 31 - 60 days        9 loans         \$3,295
  - 60 days +            5 loans         \$1,593

**Collection Activity Procedures:**

Automated delinquent notices are sent when loan is 10 days delinquent and again at 20 days. Co-borrowers are notified by mail when the loan is 25 days delinquent. Collection calls are made when the loan is 20 to 30 days delinquent.

The loan is charged off when it is determined the loan is uncollectible.

**Marketing:**

PayDay Advance Loan is listed as an option under Loans & Credit Cards on the credit union’s Web site. When members click on this option, they receive information about the loan, and the application criteria, as well as a comparison of Rivermark Community CU’s loan option to payday lenders in terms of APRs and fees. Members are also referred to the credit union’s “financial fitness program” link to prevent financial emergencies.

**Samples Included:**

- Sample of Web site wording (Exhibit 1)

## Exhibit 1: Rivermark Community CU's PayDay Advance Loan Sample from credit union's Web site at [www.rivermarkcu.org](http://www.rivermarkcu.org)

### PayDay Advance Loan

#### *Rivermark to the Rescue!*

#### **Don't get gouged by payday lenders!**

At Rivermark, we know that life happens between paydays. Sometimes you just need cash—now. Typical payday lenders charge 500% to 1300% APR on payday loans! Our new PayDay Advance Loan is your better solution for quick cash. Rivermark can help you get back on track with our quick and easy PayDay Advance Loan.

#### **Borrow \$50 to \$500 Today for Less!**

Rivermark's PayDay Advance Loan has a flat \$15 Application Fee and a low 25% APR. If you borrow \$500 for up to 30 days, that will come to approximately \$10.27 in interest (plus \$15 application fee). Compare that to the \$75 charged by many payday lenders.

#### **It's easy to apply.**

The first time you obtain a PayDay Advance Loan, you will simply need to visit any of [Rivermark's six branches](#) (PayDay Advance Loans are not available during [Saturday hours](#)) and answer a few questions. You may obtain up to six PayDay Advance Loans in a calendar year (January - December). After your first PayDay Advance Loan, you may be able to obtain subsequent advances with a simple phone call to 503-626-6600 or 800-452-8502. You must be a Rivermark member for six months or more and at least 18 to qualify for a PayDay Advance Loan.

#### **Getting Started.**

The following information will be needed to process your PayDay Advance Loan:

- Your most recent pay stub (please provide your employer's phone number if it is not listed on pay stub.) Income from employment or sources such as disability, Social Security, and pensions qualifies.
- Current Photo ID
- The name, address and phone number of a personal reference.

#### **Prevent Financial Emergencies**

It's exhausting to always feel financially stressed. Rivermark is here to help you over the hump with a PayDay Advance loan. But what happens after the loan? Many people find that it's just too hard to catch up and rely on payday loans month after month. Rivermark wants to help you regain control of your finances. That's why we offer a completely free and confidential [financial fitness program](#).

[Contact us today](#) for more information on Rivermark's PayDay Advance Loans.