

# 2015 Community Reinvestment Report





When it comes to Michigan's Credit Unions, one thing that comes immediately to mind is full-service.

Credit Unions provide a full complement of services to their members. They have a variety of loan products and checking and savings tools to rival any bank. Credit Unions meet all of the needs of consumers and small businesses, whether it be savings and checking accounts, loans for cars and mortgages or corporate financial services.

Beyond traditional banking services, Credit Unions go deeper. They take the time to get to know their members so they can serve them even better. Because they are so ingrained in the lives of their members, supporting their communities becomes a natural extension of their work.

The Community Reinvestment Report in this issue of Contact takes a statewide look at the lending, service and investments credit unions made last year, and it is clear that those services go far beyond financial services.

The Report breaks down three key areas of Credit Unions' work in their communities:

- **Loans** – Credit Unions are creative in developing loan products to help serve low- to moderate-income families
- **Services** – Through mobile branches and non-English services, Credit Unions strive to serve
- **Investments** – Economic and community development efforts by Credit Unions help communities grow and be strong

This report is intended to illustrate the Credit Union difference. That difference starts with building relationships with members, and gaining a greater understanding of their needs. We create programs to try to meet those needs, instead of simply profiting off of them. For instance, Credit Unions help members get out of potentially devastating payday lender loans, and even fought off a proposal in Michigan's Legislature that would have allowed payday lenders to make installment loans at rates that could have reached 200 percent. For people who are struggling to pay their bills, Credit Unions provide financial education for young and old.

The difference continues with where loan decisions are made: in communities. Decisions about loans are made locally by neighbors and friends, not a credit committee in New York or Pittsburgh. That's because Credit Unions are run by and for their members.

And the difference shows when Michigan Credit Union members save \$230 million a year in higher rates on savings accounts, lower loan rates and sometimes, as dividends paid to members.

Credit Unions have a long history of extending service to underserved areas. Such as **Public Service CU**, which operates a branch at Focus: HOPE in Detroit. Or **Team One CU** and **Frankenmuth CU** which jointly operate an ATM trailer at small-town festivals.

These are just some of the many ways that Credit Unions invest in their communities. From business loans that result in hiring local employees to support for local Habitat for Humanity projects, Credit Unions are always focused on making their communities a better place to live, work and play.

Michigan's Credit Unions also serve members of lesser means through groundbreaking programs such as Save to Win, which rewards members for building a savings habit by encouraging \$25 deposits every month. They offer innovative accounts such as **Advantage One CU's** Relationship Builder program, which is designed to help people improve their credit. And they offer help for young people, such as with **MSUFCU's** low-limit student credit cards to build credit history.

The Community Reinvestment Report is an important look at the innovative and unique ideas Credit Unions have for working with and for their members and communities. Each Credit Union finds its own ways to meet the needs of the communities, and while the products and services may look different, the results are the same: People helping people.

I hope you take some time to browse through the report, if only as a reminder of what is different and special about the Credit Union industry.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

David Adams

Michigan Credit Union League & Affiliates CEO

# Products for Low-Income Members

## Helping Those of Lesser Means

Many people who don't have a lot of money lack access to financial services. Credit unions help them in a variety of ways. It's at the core of the people helping people philosophy.

## Help for Students



Since most of its low-income members are college students, Michigan State University Federal Credit Union offers numerous programs aimed at students. MSUFCU offers a program that eliminates non-sufficient fund fees for overdrafts of less than \$5. It offers a low-limit student credit card for students to build a credit history. Students receive the credit union's lowest rates regardless of credit score.

## Relationship Builder Program



Many people with low incomes also have poor credit. To help that segment of its membership, **Advantage One Credit Union** in Brownstown Township, offers its Relationship Builder Program. Offering checking accounts, credit cards, signature loans and auto loans, the program is designed to help people build better credit and stop bad habits. Many other credit unions offer similar programs.

# SAVE TO WIN

Started in 2009, Save to Win is an alternative to the lottery. It rewards people for saving their money by offering the chance to win a big prize. For many, it's the first time in their lives they have saved. The program started in Michigan but is now in five states.



## ! SAVE TO WIN FAST FACTS



**\$94** MILLION

saved nationwide since 2009



**50,000+**

Save to Win accounts



**\$2,500**

Average size of a Save to Win account after first year



**57** CREDIT UNIONS

participated in 2014

# Financial Counseling

## Teaching People How to Care for Their Money

For credit unions, financial education is a core mission. Credit unions exist to help people get the most from their money and it all starts with helping them learn to manage their finances.

### A Leader in Financial Education



Kathy Cypher of Frankenmuth Credit Union said one of the most important ways she supports those who need financial counseling is simply by listening. Cypher was recognized with the 2014 Excellence in Consumer Education Award by the Michigan Credit Union League.

The best thing for them is having someone they can talk to about what's going on and feeling that burden lift off their shoulders, otherwise they feel really alone and don't have anyone to help them.

Kathy Cypher  
Frankenmuth Credit Union



### Financial Education in Spanish

The community of Spanish-language speakers is growing in Michigan. First United Credit Union in Grandville is hoping to reach more Spanish-speaking people. The credit union is one of several in Michigan that have hired tellers and other employees with Spanish language skills. With the help of a grant from the Michigan Credit Union Foundation, the credit union has also hosted free financial seminars taught in Spanish, such as this one at the Kent District Library in September.

## FACTS AND FIGURES



**333**

**CREDIT UNION PROFESSIONALS HAVE RECEIVED** financial counseling training toward certification as a CUNA Certified Credit Union Financial Counselor (CCUFC) through funding from the Michigan Credit Union Foundation and Michigan Credit Union League



**24,099**

**ADULTS PARTICIPATING** in financial education programs



**49**

**CREDIT UNIONS WITH** one or more student credit union branches



**308**

**IN-SCHOOL** credit union branches



**66,272**

**STUDENT MEMBERS**

# Financial Education

## Financial Reality Fair



Everyone has to make tough choices about how to spend their money, and building a budget is crucial. Financial Reality Fairs, presented in 2014 to students from Springport, Flint, Novi, Jackson, Northville, Davison and other cities, are designed to give young people practice making those choices about their careers, transportation, where they will live and what kinds of activities they will be able to afford.

### Watch.

Scan here to watch a TV news story about a Financial Reality Fair at Carmen-Ainsworth High School in Flint.



## Financial Education Presentations

During the 2013-14 school year, credit unions reached more than 43,000 Michigan students with at least 1,900 presentations given by financial educators. Every year, Michigan credit unions are among the top states for the number of financial education presentations made to schoolchildren.



## Student-Run Credit Unions

Michigan leads the nation – by far – in student-run credit union branches. The state has 49 credit unions that run 301 in-school branches. Credit unions hire and train youngsters from the schools for a variety of jobs. Students in the schools are able to make deposits to their accounts and learn about saving. TLC Community Credit Union operates 15 student-run credit unions, including this one at Madison Elementary School in Adrian.



## Financial Literacy Legislative Challenge

Every year, credit unions and lawmakers work together for Financial Literacy Legislative Challenge events at local schools. Lawmakers get an opportunity to interact with youngsters and credit union leaders in their districts and to talk about the importance of good financial habits. Twenty-eight credit unions hosted challenge events at 33 schools in 2014. Sen. Mike Nofs, R-Battle Creek, was one of the participants.

# Delivery Channels

## Always Available

Being there for members means providing access to financial services where needed. That's why credit unions offer specialized services such as remote delivery options and access to a nationwide network of ATMs and branches.

## Co-Op Financial Services



The Co-Op Financial Services network gives credit union members free access to their money in the most diverse set of locations of any system of financial institutions in the country, a concept called shared branching. Through the network, members can do business at nearly 30,000 surcharge-free ATMs

nationwide and more than 5,000 branches, including a system of family service centers, such as this one in Novi.

## Co-Op Branch on the Move



Public Service Credit Union's Mobile Branch was the country's first Co-Op Financial Services branch on wheels when it was introduced in 2011. Since then, it has been used at a variety of events including Relay for Life, Redford Township's Little League Parade and Motor City Hoops.

## Have ATMs, Will Travel



Frankenmuth Credit Union and Team One Credit Union jointly operate a mobile banking trailer that travels to area festivals and fairs such as the Munger Potato Festival.

## FACTS AND FIGURES



66

CREDIT UNIONS OFFER ALTERNATIVE DELIVERY CHANNELS



44

CREDIT UNIONS OFFER SERVICES IN NON-ENGLISH LANGUAGE

Helping people get easy access to financial services is a trademark of credit unions, and this mobile unit represents a giant leap forward in strengthening that objective for credit unions.

Dean Trudeau  
Public Service Credit Union  
President/CEO



# Skilled Trades Initiative

## Connecting Residents, Educators, Companies and Jobs

The Michigan Credit Union League has spearheaded a project to raise awareness of skilled trade jobs in the state. To promote materials that help young people identify good skilled trades to pursue, MCUL has worked with more than a dozen agencies, organizations, schools and lawmakers. About 1,000 school counselors and business educators have participated in presentations by the Michigan Department of the Treasury, the Michigan School Counselor Association's annual conference and the Michigan Business Educators Association's annual convention that featured information about the skilled trades materials developed by MCUL and available through all of Michigan's credit unions.



### Groups and Lawmakers Supporting the Skilled Trades

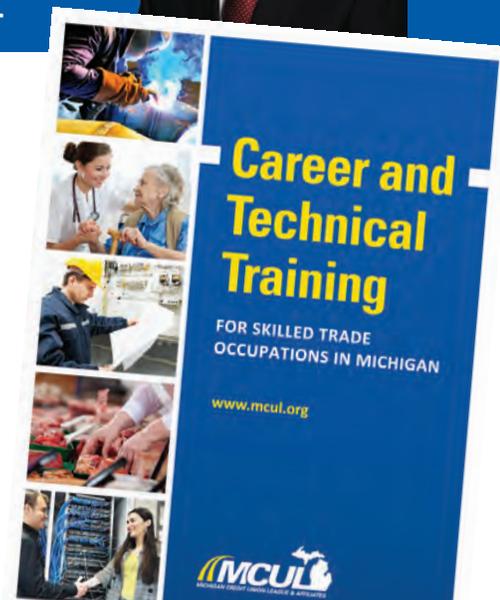
- Michigan Workforce Development Agency
- U.S. Rep. Dan Benishek, R-Iron Mountain
- State Rep. Mike Shirkey, R-Clarklake
- U.S. Department of Labor, Career One Stop
- Michigan Economic Development Corporation, Pure Michigan Talent Connect System
- Michigan Bureau of Labor, Market Information and Strategic Initiatives
- Michigan Department of the Treasury, Student Scholarships and Grants
- Michigan Business Education Association
- Michigan School Counselor Association
- Michigan State University Extension
- Michigan College Access Network
- Family and Consumer Science Educators of Michigan
- State of Michigan, Office of Career and Technical Education
- Career Jump Start
- Michigan Department of Education, Office of Career and Technical Education
- Springport Middle and High School
- Pentwater Public School
- Michigan MiCAN Network
- Launch Manistee

**We have thousands of open jobs and still too much unemployment, and it's really getting people career-connected and the skilled trades are the best place to look.**

Gov. Rick Snyder



U.S. Rep. Dan Benishek visits the Career and Technical Education training program in Petoskey.



## Branching Out

Credit Union Branches, ATMs  
Widely Dispersed Across the State

Of course, Michigan credit unions have branches in the state's biggest business centers and neighborhoods. They also serve low- and moderate-income areas such as in Detroit, Flint and Battle Creek, and also in rural areas such as Chatham in the Upper Peninsula and Glennie in the Lower Peninsula.

### Total of 970 Credit Union Branches

- 343 Branches are in areas designated by the U.S. government as low-income
- 29 Registered as Community Development Financial Institutions
- 13 Family Service Centers in the state operated by CO-OP Financial Services
- 229 Surcharge-free ATMs at 7-11 stores are part of the CO-OP Network
- 1,668 Total of fee-free ATMs

### Benefits to Members

In 2014, the Credit Union National Association estimates that Michigan credit unions provided:



**4,726,000**  
MEMBERS receive services



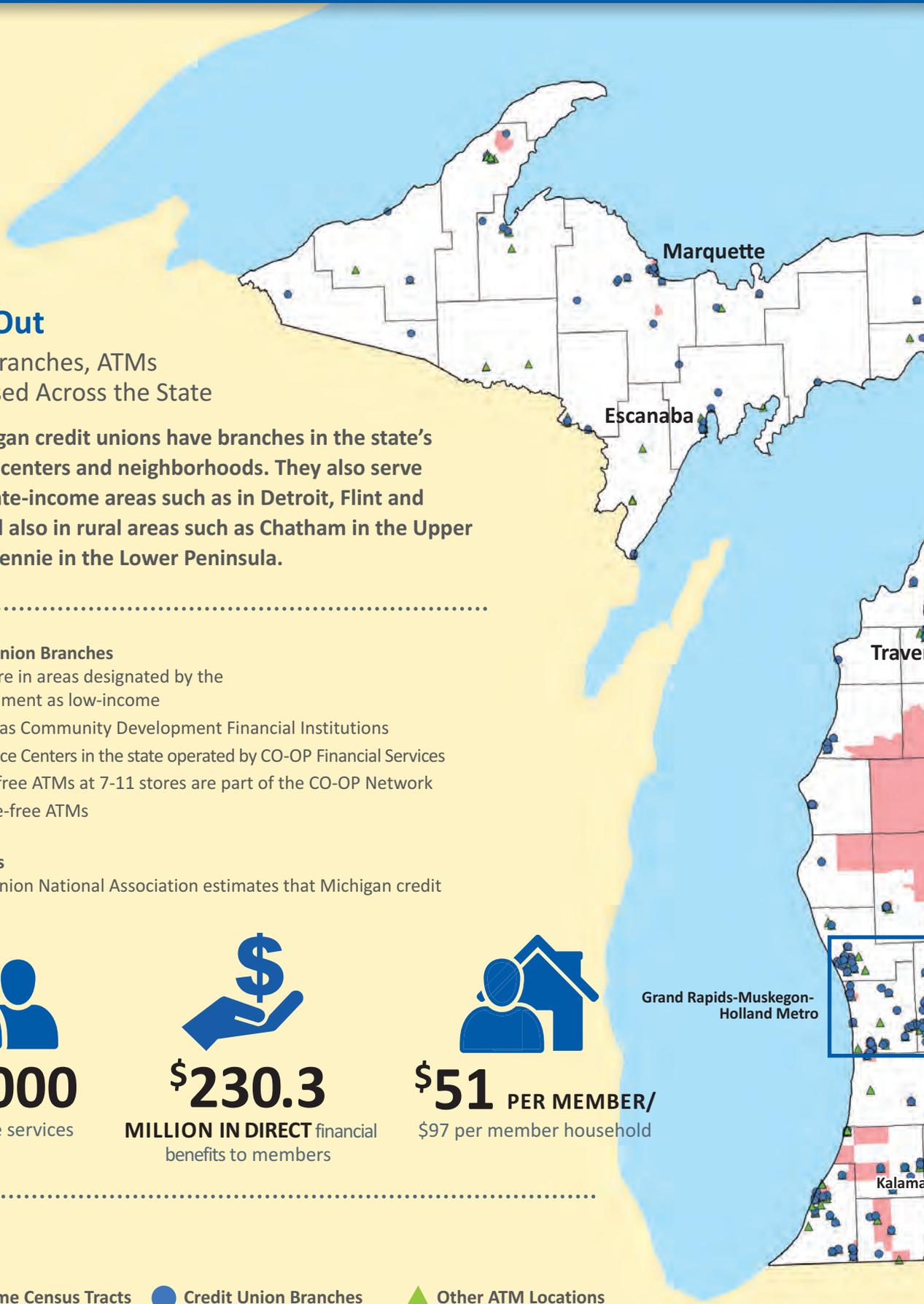
**\$230.3**  
MILLION IN DIRECT financial  
benefits to members

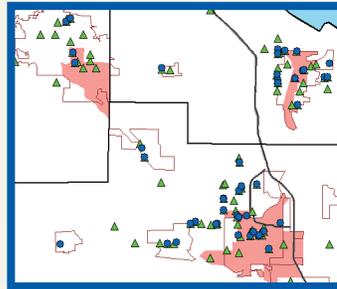
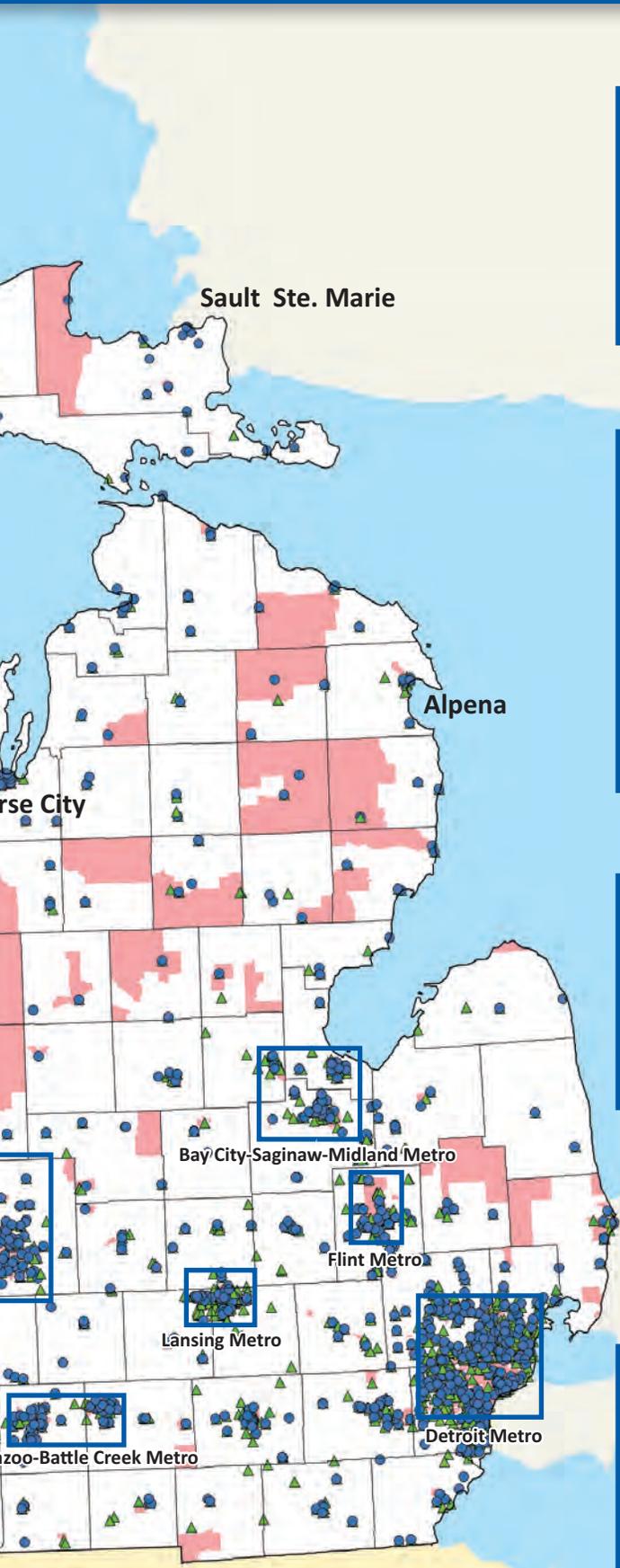


**\$51** PER MEMBER/  
\$97 per member household

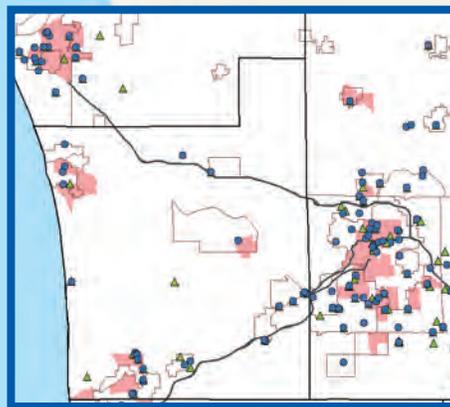
## Key

- Low- to Moderate-Income Census Tracts
- Credit Union Branches
- ▲ Other ATM Locations

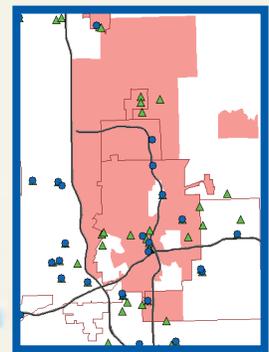




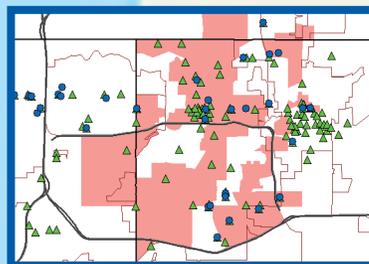
Bay City-Saginaw-Midland Metro



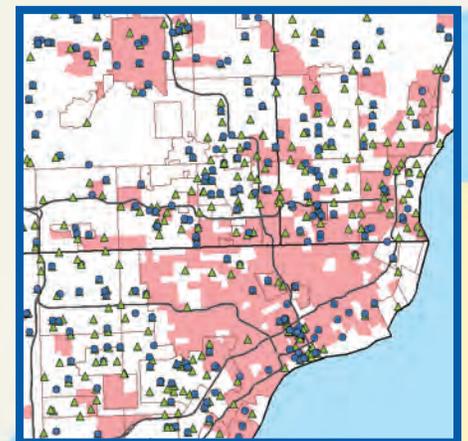
Grand Rapids-Muskegon-Holland Metro



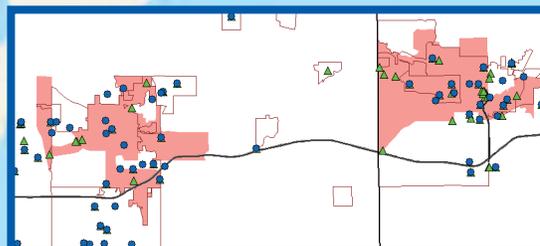
Flint Metro



Lansing Metro



Detroit Metro



Kalamazoo-Battle Creek Metro

# Community Development

## One with Their Hometowns

Credit unions embed themselves in their communities in an effort to empower their members and leave a lasting impact on the people they serve.



## Giving Big a Part of Community Choice Credit Union Culture

At Community Choice Credit Union, giving back is part of the culture. In fact, new hires are vetted for their interest in volunteering. So, it makes sense an event called the Give Big Weekend would generate lots of response among credit union employees. Here's how it works: Since 2009, during one weekend a year, all staff volunteer together to give back in a variety of ways from giving blood to volunteering at soup kitchens. At least 200 employees and members attend every year. In 2014, the Give Big Weekend generated a whopping 1,100 hours to benefit the community.

## Lake Trust Credit Union Food Drive Spans Lakeshores



Three years ago, staff at Lake Trust Credit Union wanted to create a credit union initiative that would allow staff, members and people in the community to give to the same central cause. The downturn in the economy had left many people in need. So, it didn't take long before the answer became clear. They would feed the hungry through a food drive held each year on the Friday before Thanksgiving. It's called the Lake-to-Lake Food Drive and it has provided more than 70,000 meals to families and people living in communities served by Lake Trust branches which span across the Lower Peninsula.

It's truly an opportunity and a privilege to make a difference in someone's life.

**Keith Koppmeier**

Director of Corporate Responsibility and Government Relations at Lake Trust Credit Union

## Public Service Credit Union and Focus: HOPE Partnership



In 2010, Public Service Credit Union formed a partnership with Focus: HOPE, a nonprofit organization that provides practical action to overcome racism, poverty and injustice. PSCU opened a banking and investment center in Focus: HOPE's Center for Advanced Technologies in Detroit. The credit union provides financial services, including information and free seminars on credit scores and how they affect your future, danger signs of debt, strategies for dealing with debt, how to establish and maintain good credit and credit repair.



**33** CREDIT UNIONS  
offer community development  
loans

# Economic Development

## More Growth, More Jobs

When credit unions expand, communities benefit through more jobs and increased services for members.



TBA Credit Union recently completed its new headquarters with a view of Grand Traverse Bay in Traverse City. The building sits on the site of a previously contaminated property.

## Investing in New Headquarters Buildings

Several Michigan credit unions are in the process of constructing new headquarters buildings or expansions to existing buildings. Michigan State University Federal Credit Union is planning a new building on its East Lansing headquarters campus that will double its space. Honor Credit Union is building an operations center in Berrien Springs. TBA Credit Union just opened its new regional headquarters building on a brownfield redevelopment site on the edge of downtown Traverse City. Lake Trust Credit Union is consolidating three offices into one in Brighton. Saginaw Medical Federal Credit Union celebrated a 6,500-square-foot expansion of its headquarters.

All of these projects provide jobs to Michigan residents. They provide expanded space for credit unions that are growing and hiring more employees. And they provide the credit unions with the resources they need to help their members achieve their personal and business dreams.

## New Life for an Old Building



Even before Lake Trust Credit Union vacates its downtown Lansing headquarters, it has already started work with developers looking to repurpose the site. Lake Trust is working with developer Peter Allen, who assigned students in a class he teaches at the University of Michigan to come up with plans to redevelop the site. The credit union expects the project to result in a \$30 million investment in the site.

**We've been a part of this community for more than 50 years and we're passionate about what happens here. This is a great opportunity for Lansing.**

**David Snodgrass**  
president and CEO of  
Lake Trust Credit Union

## Youth Investment



Portland Federal Credit Union and the state of Michigan's MI Youth Opportunities Initiative (MYOI) teamed up to create the PFCU and MYOI Partnership Program. The goal is to help foster children build and grow their savings accounts. Once the young people in the foster care system ages 14-24 sign up for a savings account, Jim Casey Youth Opportunities Initiative matches each dollar deposited when used for things such as housing, education and medical costs. Portland FCU helps teach the young people financial skills by heading up classes on topics such as how to budget, how to manage their checking accounts and the pitfalls of credit.



**91** CREDIT UNIONS  
offer economic development loans

# Business Development

## More Business Loans = More Jobs

Michigan credit unions are committed to supporting small business and back it up with their loan amounts. Through the end of the second quarter of 2014, Michigan credit unions had made \$1.7 billion in business loans. This was up 20.6 percent from the same time last year. To allow credit unions to help even more business owners, MCUL continues to work with Congress to raise the cap on member business lending from 12.25 percent of total assets to 27.5 percent of total assets.

### Credit Union Finances Small Business Dream

When Shirley Decker Prescott and her husband Mert Prescott lost their jobs in the grocery industry in 2011, they began to pursue their dream of opening their own meat business in Okemos. The hard part was getting the money. After several financial institutions turned them down, **Lake Trust Credit Union** took a chance and financed the couple's small business dream. The business did so well, Mert's Meats expanded to Lansing, providing jobs for 14 people.



**We have customers every day who thank us for being here.**

**Shirley Decker Prescott**

### Community Development Support for Fledgling Businesses



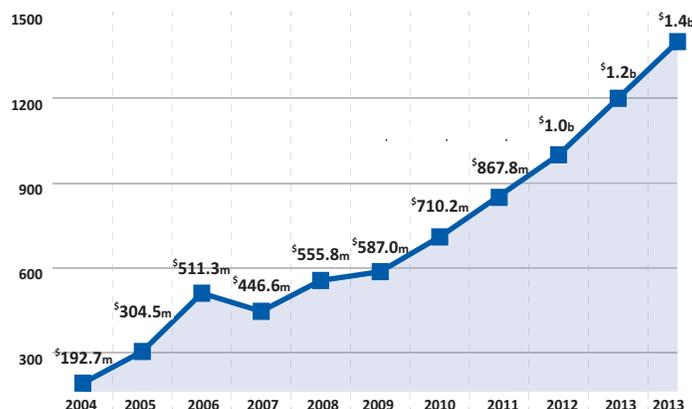
Supporting businesses had long been large part of **Christian Financial Credit Union's** mission, according to Lauren Fogarty, the credit union's chief strategy officer. But how could the credit union nurture startup businesses? CU@Soup was born. The event gives aspiring entrepreneurs a chance to pitch their ideas over dinner to an audience of business associates, community members and credit union members. The audience chooses who will pocket the \$1,000 grant in addition to the combined entry fees. Four years since starting the program, Fogarty says past winners are thriving.

### Hatching Big Ideas



**MSUFUCU** is committed to all things Michigan State University and most specifically – the students. So, the credit union got behind the “The Hatch,” a program set up to nurture student ideas through a creative, co-working space. MSUFUCU contributed a three-year gift to more than double the East Lansing space. In addition, MSUFUCU offers new entrepreneurs looking to start their business in Ingham, Eaton or Clinton counties up to \$15,000 through its startUp Loan.

### Total Business Loans



Source: National Credit Union Administration

# Mortgages/Foreclosures

## Unique Programs to Help People Own Their Home

Because credit unions' service to their members comes first, they can offer special programs or work out unique solutions for members to help them buy a home or stay in the one they have.

### Dort Federal Turns Foreclosed Home into Gift of a Lifetime for Davison Family



In the aftermath of the 2008-09 financial crisis, folks at Dort Federal Credit Union discovered they had a unique opportunity to turn something negative into something wonderful. The credit union had foreclosed homes on the books and families in need. Thus, came the birth of the "Home for the Holidays Home Giveaway." All told, four deserving families received mortgage-free homes. One was the Kyle family who received a home in Davison. Marc and Sholeigh Kyle have three special needs children, two who are fed through a feeding tube and require care out of state. The couple says knowing the mortgage is covered means a safety net around their family, as they focus on the care of their children.

*Keegan Kyle, 7, plays with Jenny Ludwigsen, director of marketing at Dort Federal, in the front yard of his new home courtesy of Dort Federal Credit Union's Home for the Holidays Giveaway.*

At that moment, I felt like I had lost 200 pounds off my shoulders.

Sholeigh Kyle

*Marc and Sholeigh Kyle received a mortgage-free home through the Home for the Holidays Home Giveaway by Dort Federal Credit Union.*

## Credit Unions Help Homeowners Stay In Their Homes

Jim Francis, CEO at Jackson Community Federal Credit Union, saw the impact of the subprime mortgage crisis first-hand. People on the verge of foreclosure came to the credit union for help when they were turned away by conventional mortgage companies, he said. Jackson Community responded by rewriting first mortgages in a manageable way so the homeowners could stay in their homes while working to rebuild their credit and waiting for the value of their home to increase.

That's what we are there for, to make a difference in people's lives.

Jim Francis,  
CEO of Jackson  
Community Federal Credit Union

## Lake Michigan Credit Union Makes Headlines With Number Of Home Loans

Lake Michigan Credit Union is helping to make the American dream a reality for people with low to moderate incomes. LMCU was named the top low-income mortgage lender in 2013 by industry trade publication Credit Union Times. Staff members say low rates and fees are what make mortgages most attractive to the low- to moderate-income borrower. Eric Burgoon, senior vice president of mortgage lending at LMCU, said offering mortgages that are in the member's best interest is how the credit union industry has remained a successful player in the mortgage business.

Doing it the right way as an industry has really paid big dividends for us.

Eric Burgoon,  
senior vice president  
of mortgage lending at LMCU

# Innovative Lending Products

## Find New Ways to Serve

Credit Unions constantly innovate to create unique products and loan offerings to best serve their members.

### Innovative Flood Loan Helps Credit Union Members Recover



The pictures speak for themselves. When floodwaters rolled into Southeast Michigan in August of 2014, people needed help – and fast. Michigan Schools & Government Credit Union responded with an innovative flood loan. The loan offered members up to \$5,000 at a 3.49 percent interest rate. In total, MSGCU provided 30 loans and a total of \$115,000 to people in need. The extra money meant loan recipients didn't have to dry out their bank accounts to dry out their homes.

### Credit Card Means Fresh Start for Honor Members

Just like the name implies, Honor Credit Union's Fresh Start Visa offers members who have damaged their credit a chance to rebuild it. The Fresh Start Visa offers a 15.9 percent interest rate which is well within the average consumer rate, said T.J. Kempf, vice president of lending. Plus the card comes free of an annual fee, a balance transfer fee or a cash advance fee.

### Auto Loan Bailout



Communicating Arts Credit Union has offered a unique program aimed at helping members get out of auto loans with exorbitantly high interest rates. Called the Auto Loan Bailout, the program allowed the credit union to cut the rates on members' car loans in half, saving them an average of \$90 per month.

### OMNI Community Credit Union Helps Remove Employment Roadblocks

For some people, one of the biggest barriers to maintaining employment is not having access to reliable transportation. OMNI Community Credit Union is doing their part to remove that roadblock through a partnership with Goodwill Industries of Central Michigan's Heartland's "Wheels to Work" program. OMNI offers qualified participants the chance to finance the purchase of a dependable car.

Goodwill's Wheels to Work Program and OMNI got me my first car ... I am so grateful.

Jamela Bijoux

## FACTS AND FIGURES



144

CREDIT UNIONS OFFER short-term lending products



67,123

NUMBER of loans originated



\$128,297,148

AMOUNT of loans originated

# Short-term Loan Alternatives

## A Better Solution for Quick Help

Credit Unions have better solutions for people who find themselves in need of a short-term loan. They do this because they are in business simply to help their members prosper.

## Credit Unions Respond to Needs of Members Through Payday Lending Alternatives



When staff at Communicating Arts Credit Union and CASE Credit Union noticed many of their members were repeatedly taking out loans from payday lenders and being hit with exorbitant fees that come with them, staff knew they had to take action. The results were Communicating Arts Credit Union's MyPay Today, and CASE Credit Union's CASE Cash. Both are innovative short-term loans designed to help members in a pinch while saving them from crippling fees and interest that come with using payday lenders. Both loans are offered at maximum amounts of a few hundred dollars – \$500 at Communicating Arts and \$600 at Case. Both have interest rates of 20 percent or lower, both allow recipients 60 days to pay the money back and both have a small fee associated – \$70 annually at Communicating Arts, and a \$30 per-draw application fee at CASE. In addition, CASE Credit Union members receive free financial counseling and the repayment history is reported to the credit bureau so members have a chance to improve their credit scores in the process.

## COMMUNICATING ARTS CREDIT UNION'S MYPAY TODAY BY THE NUMBERS



**1,800**

**APPROXIMATE NUMBER**  
of members who used  
the loan in 2014



**18%**

**APPROXIMATE PERCENTAGE**  
of Communicating Arts Credit Union  
Members who have used My Pay Today



**\$14,000**

**APPROXIMATE TOTAL DOLLAR**  
amount withdrawn through MyPay today



**7.8**

**AVERAGE AMOUNT**  
**OF DRAWS** of MyPay Today  
each year



**\$96.97**

**APPROXIMATE AMOUNT**  
someone pays to Use MyPay Today



**\$700**

**APPROXIMATE AMOUNT** the same  
loan recipient would have spent on fees  
and interest using a payday lender



101 S. Washington Square, Suite 900,  
Lansing, MI 48933

## ABOUT MICHIGAN CREDIT UNION LEAGUE & AFFILIATES

MCUL & Affiliates helps Michigan credit unions serve their members, grow their market presence and strengthen their financial condition. The league accomplishes this by seeking to protect and expand the credit union charter, telling the credit union story and providing solutions that help credit unions excel. Organized in 1934, the Michigan league has long been considered one of the most progressive in the country.

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### About the Community Reinvestment Report

This report is an annual effort that showcases the work that is at the core of credit unions' social mission.

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Thank you to the 82 Michigan credit unions that provided individual information and statistics for this report. Many of the statistics in this report are estimates based on the survey results.