

Changing to a COMMUNITY CHARTER

There is more to a community charter the "Build it and they will come". Doesn't happen without a lot of work and then there is no guarantee that this will happen.

Considerations:

- What is our long term direction for the credit union?
 - What type of CU do we want to be now and in the future?
 - Have you developed ideas, targets and plans for 3, 5, and 10 years out?
 - Does our business plan reflect financial goals that include growth from a charter expansion or a specific growth strategy, and the minimums that will make this a successful move and how you will measure them and when.

- Why do we need to expand?
 - How fast do we need to expand and why: do we want to, for survival, because of our competition, to better service our members or it fits into our philosophy
 - Is an expansion good for our members?
 - Would it be better to stay with a few groups?
 - Will diversification be a benefit?

- Is our house in order? Any internal problems that need to be resolved?
 - How do we handle minimal earnings
 - Recordkeeping or internal operations
 - Delinquency and collections
 - Policies, training

- Can we handle the increased expense in operations and marketing by changing the charter?
 - More work with multiple payrolls and employers.
 - We will have less ability to specialize programs to suit member's needs.
 - Will we give up some sponsor benefits?
 - How will the current members be affected by a change?
 - Use of different marketing strategies

- What is our net worth position?
 - If it is close to 7% and we grow, will we encounter PCA restrictions?
 - Need a plan on how we plan to grow net worth as we grow.

- Will offering business accounts be important product to add?
 - do we have the expertise on staff

- Our feelings about a name change?
 - Ready to change our name to reflect the community charter?

- Identify how we will create a superior presence
 - How will we bring more attention to our credit union
 - Is our member service and sales skill perfected

- Will our current hours need to be changed to accommodate access for the new members?

- Are the products and services we offer competitive and what the new membership will be looking for?
 - do we know the demographics of the area we want to serve

- Are our current facilities and staff large enough to service the community
 - Can we afford more services and/or ATMs
 - Can we service the community with the employees we have

- Are we prepared in the event of increased fraud activity?
 - policies and training in place
 - current on robbery training
- Are our policies and procedures up to date?
 - Security policies and procedure
 - All regulatory mandates
- Do we have the ability to select the best market focus and clearly communicate the CU advantage to the non-members.
- What is the communities impression or perception of the credit union or any credit union?
 - Does the community know the credit union difference?
- What perceptions do we need to overcome in the community?
 - That individuals cannot walk in and join the credit union
 - The convenience of our location and hours
- How can we compete with our competition?
 - Is the quality of our member service and products up to the challenge?
 - Will changing to a community help us and is there a need for another community charter CU.
- Is there support from all official family members and staff for the change?
- As official family members are you ready to have new blood join, members from the new field?
- Will the current members resent the change to a community charter?
- Can we attract members then retain them?
 - Need to be strong programs in both areas.
- Do we have a strong marketing culture? Just because there is a change to community does not mean the new members will come, it will take marketing and getting the word out.
 - Will need a marketing budget and plan.

Additional PROS AND CONS

- **Pro:** Growth potential increases
 - Ability to create a sense of belonging for the community.
 - Ability of the person walking in the CU to join.
- **Con:**
 - Chance for more fraud
 - More members that only will use the CU for check cashing.
 - Attract less desirable members.
 - Members that shop around more/no loyalty to one institution.
 - With charter change, can not continue to solicit members from specific groups in the charter .
- **Pro:** Possible ability for higher balance share accounts
 - **Con:** ▪ More movement and shopping on the members part

- **Pro:** Possible ability for more loans
 - Depend more on loan policy for decisions

- Con:**
 - Usually don't know the members as intimately
 - Possibility of more risky loans

- **Pro:** Community Development

- Con:**
 - Having the time for community involvement/everyone from staff to official family
 - Have the staff to be involved in community organizations or volunteers from official family

- **Pro:** Advertising ease, only limitation will be to the area covered by the charter.

- Con:**
 - Will need more marketing dollars
 - More communication on products and service and advantages of the CU needed
 - Will need to use other marketing tools that those used for the SEG's