

Central Illinois Credit Union Payday Alternative Loan (PAL) Policy

PAL is designed to give our members an alternative option for high cost credit. The purpose is to give the member fair priced credit, a place to learn about finances, an opportunity to break the cycle of payday lending, and provide a way for the member to establish credit. The ultimate goal would then be for the member to learn about savings. The objective of Central Illinois Credit Union is to also make the process quick and easy while keeping risk at a minimum. The requirements are as follows:

Maximum Amount:	\$300.00 initial loan amount (may be increased to \$500 after the member has demonstrated ability to repay)
Age Requirement:	18 and older
Rate:	Fixed at 21%
Repayment:	Repayment plan for up to 6 months
Security Required:	None
Processing Fee:	\$20.00 (Paid at the time the application is submitted)
Income Requirements:	at least \$1000 per month
Underwriting:	Must be a member for 6 months Established payroll deduction or direct deposit (Occurring at least twice before the loan is disbursed) No Credit Check No debit ratio calculation No other delinquent loans at CICU in last 60 days (jan 09) No overdrawn share accounts with CICU Paycheck Stub must be submitted Must provide valid home and work numbers The purpose of the loan must be disclosed Employed at current job for the last six months May not grant loan if member's employer has announced closing No Bankruptcy discharged in the last year (Jan 09) Cannot be participating with any Credit Counseling Service
Approved by:	Any of the loan officers
Monitoring:	Will be done by the President and reported to the board with delinquent loan reporting. This program will have a separate loan code.
Rewriting & Extensions:	May be done at the discretion of the President once the loan balance is under \$250.00. May only have 6 extensions per year and/or six loans per year. (May 06)
Portfolio:	Of the entire program may not exceed \$50,000.00 (July 08)

Reviewed October 2006 and Approved November 2006



PAL Application

Identity Information

Full Name:		Birthdate (mm/dd/yyyy):	Social Security No.:	Marital Status:	
Current Address					
Street Address:		City:	State:	Zip Code:	How Long?
Previous Address (if less than 5 years at current address)					
Street Address:		City:	State:	Zip Code:	How Long?
Contact Information					
Daytime Phone:	Evening Phone:	E-Mail Address:		Best Time to Call:	
Phone number of nearest relative.				**Primary applicant only.	
Name and address of nearest relative not living with you:**				Relationship:**	

Credit Requested

Application Type:	Name of Borrower:	Driver's License Number			
PAL Loan					
Loan Type:	Amount Requested:	Payment Schedule: (One pay or Monthly Pay)	Payment Date:		
PAL Loan					
Loan Purpose:					

Employment Information

Employer Name:	Address:	Phone Number:	How Long?		
Department:	Position:	Gross Monthly Income:			
Previous Employer (if less than 5 years at current job)					
Employer Name:	Address:	Phone Number:	How Long?		

Additional Income

Amount Per Month	Source of Additional Income	Is any income listed in this Section likely to be reduced before the credit request is paid off?
Alimony, child support, or separate maintenance received under:*	<i>*Alimony, Child Support or Separate Maintenance income need not be revealed if you do not wish to have it considered as a basis for repayment.</i>	

Other Financial

Are you obligated to make Alimony, Support, or Maintenance payments?	To whom?	/mo
Are you a co-maker, endorser, or guarantor on any loan or contract?	To whom?	/mo
Are there any unsatisfied judgments against you?	To whom?	Amount:
Have you declared bankruptcy in the last 10 years?	When and where was it discharged?	

Are you participating with any consumer credit counseling service?

I certify that everything I have stated in this application and on any attachments is correct. You may keep this application whether or not it is approved. By signing below I authorize you to check my credit and employment history and to answer questions others may ask about my credit with you. I understand that I must update credit information at your request if my financial condition changes.

Signature:	Date:

PAL LOANS PROFIT AND LOSS STATEMENT FOR 2005, 2006, 2007, and 2008

	<u>2005</u> (July – Dec)	<u>2006</u> (Jan – Dec)	<u>2007</u> (Jan – Dec)	<u>2008</u> (Jan – Dec)
Interest Income	\$525.71	\$2,786.77	\$4,128.29	\$6,036.00
Late Loan Payment Fees	\$0.00	\$81.61	\$115.16	\$168.94
Pal Application Fees (\$20 per app)	\$1,190.00	\$3,120.00	\$4,360.00	\$6,252.00
Recovery on Charged Off Loans (one loan)	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$419.21</u>	<u>\$0.00</u>
Total PAL Loan Income	\$1,715.71	\$5,988.38	\$9,022.66	\$12,456.94
Charged Off (Bky – three loans '05-'09)	\$0.00	\$553.31	\$167.23	\$0.00
Write off (Skip – twenty-one loans '05-'09)	\$0.00	\$419.72	\$2,036.84	\$2,551.09
Total PAL Loan Expenses	\$0.00	\$973.03	\$2,204.07	\$2,551.09
PAL Net Income/Loss Per Year	\$1,715.71	\$5,015.35	\$6,818.59	\$9,905.85
PAL Net Income/Loss since July 2005		\$23,455.50		

Notes and Time Line of Events:

Started the program July 1, 2005, by putting an advertisement in the newsletter.

Portfolio Balance as of September 30, 2005: \$5,889.71

Changed the portfolio balance limit from \$10,000 to \$20,000

Portfolio Balance as of December 31, 2005: \$11229.54 (Did 80 loans from July to Dec 2005)

Portfolio Balance as of June 15, 2006: \$11,243.64

Put an advertisement in my newsletter that went out in June of 2006

Portfolio Balance as of July 31, 2006: \$15,744.15 (Did 141 loans from July 05 to July 06)

October 2006 changed portfolio balance limit from \$20,000 to \$30,000

Portfolio Balance as of December 31, 2006: 20,319.63

Portfolio Balance as of December 31, 2007 \$ 26,105.65

Portfolio Balance as of May 22, 2008 \$25,217.50

Put an advertisement on my counter at each teller station May 2008

Portfolio Balance as of June 30, 2008 \$30,038.59

July 2008 changed portfolio limit to \$50,000.00

Portfolio Balance as of December 31, 2008 \$ 36,285.50

PAYDAY ALTERNATIVE LOAN

LOAN PACKET AND THE GENERAL LEDGERS

LOAN PACKET INCLUDES:

- 1) LOAN DOCUMENTS SIGNED BY THE MEMBER
- 2) APPROVED APPLICATION SIGNED BY A LOAN OFFICER
- 3) THE RECEIPT FOR THE \$20 APP FEE WITHDRAWN FROM SHARES
- 4) PRINT SCREEN THE PROVES THE MEMBERSHIP DATE
- 5) PRINT SCREEN THAT PROVES 2 PAYROLL DECUCTIONS RECEIVED
- 6) CHECKSTUB WITH THE MONTHLY PAY CIRCLED

THE SEPERATE GENERAL LEDGERS THAT WE USE:

- 1) LOAN (ACCOUNT 701.85)
- 2) INTEREST INCOME (ACCOUNT 111.85)
- 3) PAL LOAN LATE FEES (ACCOUNT 131.85)
- 4) PAL LOAN APPLICATION FEES -- \$20 EACH (ACCOUNT 131.86)

NOTES ON GENERAL LEDGERS:

*** IN THE BEGINNING WE HAD SEPERATE GL'S FOR OUR ALLOWANCE AND OUR PROVISION. DID NOT FIND IT NECESSARY. WAS MORE WORK THAN NECESSARY. PUT THESE LOSSES WITH OUR OTHERS LOANS.

*** BY HAVING THESE GENERAL LEDGER ACCOUNTS SEPERATE IT ALLOWS THE CREDIT UNION TO MONITOR THE SUCCESS OF THE PRODUCT WITHIN MINUTES.