

Strengthening Virginia's Communities through Small Affordable Loans

Memorandum of Understanding and Agreement

Between the Virginia Credit Union League and _____ Credit Union

Statement of Intent

_____ Credit Union will collaborate with the Virginia Credit Union League (VACUL) and other Virginia credit unions to market its micro-loan program (unsecured loans of \$3,000 or less) to members and further, to collect and report data regarding these loans on a quarterly basis to VACUL for the purpose of measuring the impact credit unions are having on the lives of Virginians.

Statement of Need

- The average Virginian continues to struggle during these tough economic times.
- The average household in Virginia needs two times the poverty level to have sufficient income to meet basic monthly expenses;
- 25% of Virginia households have inadequate income to cover basic needs and 28% are asset poor; meaning they have insufficient cash assets to cover short-term financial emergencies;
- Another 50% report difficulty managing monthly bills.

Objectives

The purpose of this project is to:

- Meet short-term credit needs of Virginians;
- Strengthen credit histories to increase borrower's ability to obtain credit at more reasonable rates;
- Promote savings consistency to reduce dependency on AFS and/or other high cost credit providers;
- Bring economic empowerment to more Virginia households through small affordable loans;
- Strengthen Virginia's communities;
- Measure the impact credit unions are having on their members' lives and within their communities through quantitative and qualitative data;
- Share that information with lawmakers, communities, media and other interested stakeholders through annual Impact Reports.

Statement of Expectations

Credit Union

As a participant in this program, the Credit Union agrees to:

- Make available micro-loans (unsecured loans of \$3,000 or less) to its members that could include:
 - Micro-loans – to help members with small loan needs;
 - Credit Builder loans – to help members build or rebuild their credit;
- Market these loans to members;

- Track and report data quarterly to VACUL regarding these loans as follows:
 - Number of micro-loans made to members by loan type;
 - Dollar amount of these loans advanced to members by loan type;
 - Dollar amount of loans placed into savings;
 - Loan purpose;
 - Borrower income;
 - Credit score (if obtained)
- Report current (pre-project) balances to VACUL for these loan products if available and if credit union is providing such products;
- Provide VACUL with the name of one contact person for this project;
- Provide VACUL with at least one annual anecdotal story of a member or family helped through the micro-loan program;
- Support advocacy and public relations activities through distribution of the annual Impact Report to members, community stakeholders, lawmakers, media and other interested stakeholders to publicize how credit unions are strengthening Virginia's communities.

Virginia Credit Union League

As a participant in this program, VACUL agrees to:

- Collect the quarterly data from participating credit unions;
- Aggregate the data;
- Report quarterly aggregate results;
- Collect anecdotal stories from participating credit unions;
- Develop and produce an Impact Report of aggregate data and stories for distribution to credit unions, lawmakers, media and other interested stakeholders;
- Be a cheerleader for this project by encouraging all Virginia credit unions to participate and by publicizing how credit unions are strengthening Virginia's communities.

Only aggregate data will be used and distributed for this project. No individual credit union data will be shared with any parties or used for any purposes other than those stated above.

Though this Memorandum of Understanding is not a legally binding contract and does not address all matters upon which mutual agreement is necessary, VACUL and Credit Union pledge to move forward in good faith and to work cooperatively and constructively throughout this project.

By:

(Print name and title)

Signature
Virginia Credit Union League

(Print name and title)

Signature

Credit Union