



What is Reality Check?

Reality Check is an initiative of Virginia's credit unions to bring affordable micro loans (\$3,000 or less at origination) to struggling Virginia households. The recent recession has increased the credit needs of many consumers, despite their efforts to reduce spending and debt. In order to measure the impact credit unions are having, Reality Check includes quarterly collection of manageable data. Aggregate data will be used in an Impact Report that will be distributed to policy makers, media outlets, and other stakeholders demonstrating the Credit Union Difference.

What kinds of loans are included in Reality Check?

Reality Check includes small signature loans of \$3,000 or less at origination. Most credit unions already make such loans. Two products have been identified to fill critical credit needs, as follows:

Need	Product	Description
Short-term cash	Smart Size Loan	A loan of \$3,000 or less
Establish/improve credit	Credit Builder Loan	A loan of \$3,000 or less with loan proceeds placed in a restrictive share/savings account; funds available as loan is paid down

Does my credit union have to offer both products?

No. If your credit union already makes signature loans of \$3,000 or less you do not need to add new loan products. However, adding a credit (re)builder loan can help your members build credit and savings and increase your loan portfolio.

How can my credit union participate?

Participation is simple.

- Sign the Memorandum of Understanding and Agreement;
- Continue to make small loans as usual or enhance your micro-loan program;
- Collect your results and report quarterly to your League.

Why should my credit union participate?

- Your credit union is already making small-dollar, unsecured loans;
- Your participation will help the Virginia League capture the social value of your small loans;
- The collection of data from participating credit unions will be used to define the Credit Union Difference for advocacy and public relations purposes;
- Your credit union can add to the impact and Virginia credit unions are having within their communities;
- The success and effectiveness of this project hinges on your engagement!

FAQs Continued...

What data has to be collected and reported, and how often?

Data to be collected and reported quarterly to the Virginia League include:

- # of micro-loans (\$3,000 or less) made to members by loan type;
- \$ amount of these loans advanced to members by loan type;
- Loan purpose (we encourage tracking!);
- Borrower income;
- Credit score (if obtained).

A template of the loan survey is included as part of the toolkit materials.

Will these loan products be profitable for my credit union?

Most credit unions report that small loans do not necessarily provide profitable return in and of themselves. But credit unions make these loans because it is part of their mission to meet the small-credit needs of their members. As credit unions improve the lives and well-being of their members through these small loans, the real sustainable value comes through member loyalty and usage of additional products and services.

Is there a cost to my credit union to participate?

There are no out-of-pocket costs to participate in Reality Check. Your credit union will be asked to name a contact person for the project and to track and report data regarding your small loans on a quarterly basis. A template of the loan survey and collectable data is included as part of the toolkit materials. Most credit unions report they are already collecting this data or that it will not be difficult to collect and report.

Who stands to benefit from Reality Check?

- Virginia **consumers** who are living paycheck to paycheck and have little in the way of cash assets to cover any financial emergencies will have more access to affordable credit;
- Virginia **communities** will benefit from healthier and wealthier consumers using their credit unions rather than paying exorbitant fees to predatory lenders;
- Virginia **credit unions** can demonstrate their not-for-profit uniqueness to help consumers with small credit needs, while growing membership and loan volume;
- The **Virginia Credit Union movement**: Your League can report the difference credit unions are making in the lives of Virginians.

Go to www.realitycheckvirginia.org to get your credit union involved today!