

Meeting Minutes

MEDA RLF Working Group Meeting

Dial in: 712.432.0175 pin 217279

1/19/2016

10:00 am

Conference Call Attendees:

Gloria O'Rourke, Brent Donnelly, Elisabeth Johnson (Director of Membership at Credit Builders Alliance), Karen Sweeney, Sammie Chagnon, Linda Grossman, Kelcie Bates, Anne Pichette, Carolyn Jones, Danielle Williams, Steve Clairmont, and Mark Menke.

Additions/Changes to Agenda: Presentation of Credit Builder's Alliance, other topics moved to next meeting

Last Meeting Minutes: Posted on [RLF Working Group Homepage](#)

Questions/Discussion:

Credit Builders Alliance –

- Elisabeth Johnson, Director of membership at Credit Builders Alliance out of Washington D.C., presented to the group and took questions
- Review of ways credit impacts our lives – how we store and manage our money, how we qualify for loans; impacts where we live/qualifying for mortgage; if you have poor credit, then have to put down security deposits for utilities and cell phones, if good credit, then frees up this money; employers using credit reports for job applicants – some states limiting the use of credit reports in job screening, 40% of employers are checking credit and 1 of 10 applicants denied based on poor credit
- For low income individuals there is a cycle of no credit because they can't get credit because they don't have credit – credit building is the best way to break this cycle – establishing and maintaining active trade lines that are reported by the creditor to the major credit bureaus – timely payments, good credit transactions
- Active trade line is an account showing up with balance - able to witness borrower behavior from that account; credit – at least 1 payment made in 6 months to stay active – puts monthly information on credit report
- CBA credit building platform – work with credit bureaus, a lot of technical assistance, monthly assistance for accurate reporting; can turn regular monthly payments, such as rent, into active trade lines to help build good credit; CBA is able to provide low-cost credit reports
- For loan providers:
 - Borrowers will be building credit with reporting of timely payments
 - Moving from underwriting based on personal credit to business credit
 - Holds delinquent borrowers accountable
 - Have noticed that reporting helps borrowers pay their bills on time

- As a lender, other lenders know that your organization and loans exist; other creditors will get a clearer picture of a borrower's credit situation
- Successfully reporting data – does take time and attention especially when starting
 - Need to be a nonprofit, need to have a commitment to building credit, structure for long-term lending and reporting (want to see long-term reporting for years and years)
- Education/client benefits
 - Helps to discuss with clients how to improve credit, avoid negative issues that are consistently coming up; confirms outstanding accounts; helps identify inaccuracies and identity theft
 - Having access to credit reports helps improve measurable outcomes by supporting underwriting practices; better documentation of successes and ability to report on those success, for example, our loan program has helped borrowers increase credit by an average of X points over 3 years
- What it takes – are you using it just for lending or for financial education – affects your permissible purposes
- Rapid response team – site support from CBA to help with best practices for reporting, reviews obligations as a reporter, ensures compliance, works with you click-by-click through software and helps create test files to make sure you are doing everything correctly
- CBA website has a wealth of resources, trainings, webinars, tutorials, best practice information, etc.
- CBA can connect with the rest of the credit builder community – have an online forum for loan companies to share info and discuss issues
- Review of contact information:
 - www.creditbuildersalliance.org
 - membership@creditbuildersalliance.org
- Mark discussed his experience with CBA
 - Understands the credit building but most useful thing for MBAC is holding unsuccessful borrowers accountable and borrowers realize there are consequences; provides a healthy environment for lender and borrower; experience with CBA has been great, very helpful with any issues/disputes; advocate well for local lenders, compare notes to ensure accurate information and help fix any inaccuracies; has a marketing aspect to it by helping other lenders know that you have a loan program
- Questions:
 - Steve – does CBA Reporter and CBA Access have additional charges?
 - CBA Access is \$315 dollars annually – access to online resources, forum, etc.
 - CBA Reporter is \$750 for setup fee for reporting, annual reporters fee is based on portfolio size: \$550 for tiny portfolios to \$1400 annually for larger portfolios; the annual fee covers CBA working

- to get data, getting it to bureaus, monitoring for credit abuse, fixing any inaccuracies
 - It's for nonprofits only? – CBA is a nonprofit itself and by-laws require that they serve nonprofits
- Mark – most callers are using GMS and there is a supplement for that software that allows for easy use and syncing with CBA software, but if you don't already have GMS is there an extra expense?
 - There is an additional piece that may need to be purchased or activated – need to create a metra 2 file from your database, which puts loan data into a text file and that's what gets uploaded to a secure online portal, then CBA sends it to the credit bureaus; no additional charge on their end for this tool, but may need another software component for your current servicing software (GMS, Nortridge, etc.)
- Sammie – Can different organizations combine to share a portfolio and costs?
 - Very complicated because you have to be able to connect each loan with its specific owner; each individual organization would have to set up its own account
 - Tiny portfolio is considered 50 active loans or less which is the \$550 annual fee, the next bucket is over 50 and up to 250 active loans for \$800
- Can we pick and choose loans we want to report?
 - Generally yes you can; you can pick based on loan value, whether the borrower opts out, but if you only report on performance then it devalues the portfolio because it will only show negative reports; advised to report all loans so that good borrowers can get rewarded with good credit and delinquent borrowers are still held accountable
- Gloria - Having worked with a business expansion and retention program and dealt with complicated software, the site visits sound great but is there a cost for having that on-site training?
 - CBA got a grant that was extended to 2016, which covers all of the costs, however would prefer that you bring in other local lenders to make it very worthwhile, have them call in, and work on understanding compliance issues, best practices, etc. as a larger group
- Do nonprofits have to be a 501c3 or does CBA allow other 501c orgs?
 - Doesn't have to be 501c3 but can work with others c6, c7; can work with city and county agencies and tribes as well

Upcoming Trainings or Events:

Meda Conference - April 21st and 22nd – expo style, focus on workforce

Topics for next meeting:

- a. List of top 3 RLF challenges
- b. Reporting to Credit Bureaus
- c. Record retention policies
- d. Denial letters
- e. RLF Funding resources

Next Meeting: February 16th at 10am on the conference call line

Notetaker: Sammy Chagnon