The Community Loan Center of Texas is recruiting lenders across the state to provide a sustainable and scalable alternative to predatory loans.

THE PROBLEM WITH PAYDAY/ AUTO TITLE LOANS
- Up to 660% interest charged in Texas
- 44,052 cars repossessed in Texas in 2014
- $1.49 billion in fees
- Payday lenders don’t report timely re-payment history to credit bureaus
- Average payday loan refinanced 2 times in Texas

THE SOLUTION
People need short-term loans that are quick and easily accessible. To address this need, the Rio Grande Valley Multibank and Texas Community Capital created the Community Loan Center Small Dollar Loan Program. The Community Loan Center provides workers with an alternative to predatory loans, and demonstrates that an inexpensive small dollar loan product can be a successful social enterprise for non-profits.

The Community Loan Center is designed around proprietary software that enables scalability and sustainability. With over 5,450 loans in multiple markets in Texas, we know that the program can work in your area.

COMMUNITY LOAN CENTER ADVISORY COMMITTEE
As part of TCC’s efforts to expand the program statewide, we have formed an Advisory Committee of professionals interested in seeing the CLC Program Loan Center succeed. These members represent funders, policy advocates, CLC participants, and regulators committed to providing ongoing guidance and support to the program. Current members include:

- Ann Baddour, Texas Appleseed (Chair)
- Woody Widrow, RAISE Texas
- Nick Mitchell Bennett, Rio Grande Valley Multibank
- Tom Wilkinson, Brazos Valley Council of Governments
- Kevin Jewell, Consultant
- Debbie Taylor, Cri
- Susan Hoff, United Way of Metropolitan Dallas
- Eliza Platts-Mills, University of Texas Law Clinic
- Alfreda Norman, Federal Reserve Bank of Dallas
- Shannon Van Zandi, Texas A&M University

FOR ADDITIONAL INFORMATION ON HOW TO JOIN THE COMMUNITY LOAN CENTER PLEASE CONTACT:
Howard Porter, Program Manager
Texas Community Capital
2200 E. Martin Luther King, Jr. Blvd
Austin, Texas 78702
512.916.0508
www.tccapital.org

COMMUNITY LOAN CENTERS IN TEXAS
- CLC of Austin, operated by BCL of Texas
- CLC of the Brazos Valley, operated by Brazos Valley Affordable Housing
- CLC of Dallas, operated by BCL of Texas
- CLC of Greater Houston, operated by Neighborhood Recovery CDC
- CLC of Greater Laredo, operated by Azteca Economic Development & Preservation Corporation
- CLC of Rio Grande Valley, operated by Rio Grande Valley Multibank
- CLC of Texas, operated by Texas Community Capital

HOW TO BRING THE COMMUNITY LOAN CENTER TO YOUR COMMUNITY
The CLC loan program is designed to be a viable social enterprise for the Local Lenders. Texas Community Capital (TCC) is the network administrator authorized to recruit organizations to become Community Loan Center Local Lenders and market the program to employers in their assigned service territory.

Community Loan Center franchises are now available in many unserved markets in Texas. Each Local Lender receives access to the online software, use of trademarks, a logo, marketing materials, loan processing and loan servicing, technical assistance, and training.

THE TREND WITH PAYDAY LOANS
In the last few years payday and auto title lenders have converged on Texas neighborhoods where loopholes in our state finance laws allow lenders to charge much higher interest rates than most other states. Texas payday and auto title lenders extract over one billion dollars per year in fees from those who can least afford it, with interest rates as high as 660% APR. Payday lenders require payment of the entire loan balance from the borrower’s next paycheck. These usurious interest rates and fees trap borrowers in a cycle of debt requiring them to sometimes repay thousands of dollars to borrow only a few hundred. Lower paid consumers need credit solutions that consider what is best for the consumer, rather than what is best for the lender.

THE COMMUNITY LOAN CENTER AT A GLANCE
- 18% interest, $20 admin fee
- $1,000 maximum
- Employer based model
- Online loan application & servicing
- 52 week term
- Repaid through payroll deduction
- Financial Counseling
**BENEFITS OF THE CLC PROGRAM TO EMPLOYERS**

1. No direct costs to employers for providing the CLC program to employees
2. Reduces employee turnover by building employer loyalty
3. Reduces employee absenteeism
4. Reduces distractions to HR staff from employee debtors, bankruptcies, etc.
5. Reduces "presenteeism" - employees dealing with personal financial problems while working
6. Reduces paycheck advances to employees

**RESULTS TO DATE**

To date, the CLC program has originated over 7,500 loans through 74 employers with 37,850 eligible borrowers. The Community Loan Center lenders in the Rio Grande Valley, Dallas, the Brazos Valley and Waco have loaned out over $6 million since October 2011. These loans saved borrowers over $4 million compared to traditional payday loans. Current default rate is under 4.5 percent.

Based on survey results, we know the following about our borrowers:

**Borrower Profile**

- 53% earn $<40,000 per year
- 57% are female
- 87% non white
- 50% are homeowners
- 91% are banked
- 83% have no savings

**THE PROGRAM**

The CLC local lender recruits employers in their community to offer the CLC loan program to their employees. The CLC program is offered at no cost to participating employers in their service territory. When an employee at a participating employer needs a loan, they go to the CLC website to apply.

An eligible employee may apply for a CLC loan online anytime. The CLC loan approval process is quick and easy since the entire loan application process is automated and credit underwriting is not required. After the employer verifies employment of the employee/borrower, the employee signs the CLC loan documents online. CLC loan proceeds (see diagram above) are transferred directly into the borrower’s bank account. CLC loan repayments begin on the employee’s next payday through payroll deduction. The CLC lender earns the interest from repayment of the CLC loans.

**COMMUNITY LOAN CENTER ORGANIZATIONAL CHART**

The Community Loan Center is seeking grants, loans, and investments. The CLC program generates grant money from foundations and corporate donors to work year after year, re-loaning the grant funds up to 8 times every 5 years. The CLC program delivers measurable positive outcomes demonstrating how the CLC helps borrowers improve their financial health.

Reduced interest rate loans make it possible to bring needed relief to local economies by supporting the CLC. Foundations involved in impact investing can provide Program Related Investments and Mission Related Investments to CLC local lenders. Bank loans for CLC capital provide an excellent way to fulfill bank Community Reinvestment Act obligations.

Social investors may invest in the Community Loan Center directly. By accepting a modest rate of return on investments, private companies, religious institutions, nonprofit organizations or individuals can make a difference in their communities by supporting the Community Loan Center.