



Development Issues Workshop Day 1



EMPOWER | INSPIRE | COLLABORATE



LAUREN WHALEY, CUDE
President/CEO



JEFF HARDIN, CUDE
Director of Collaborative Programs

Mission: to empower and inspire credit unions in the Carolinas through collaborative opportunities to better our communities.



EMPOWER

social responsibility efforts that are self-directed by credit unions, chapters and business partners.



INSPIRE

credit unions by sharing and celebrating philanthropic efforts.



COLLABORATE

on programs and projects that support our cooperative principle of concern for the community.

Fund Management Services

\$3.8 million in our portfolio



Scholarships



Charitable Giving

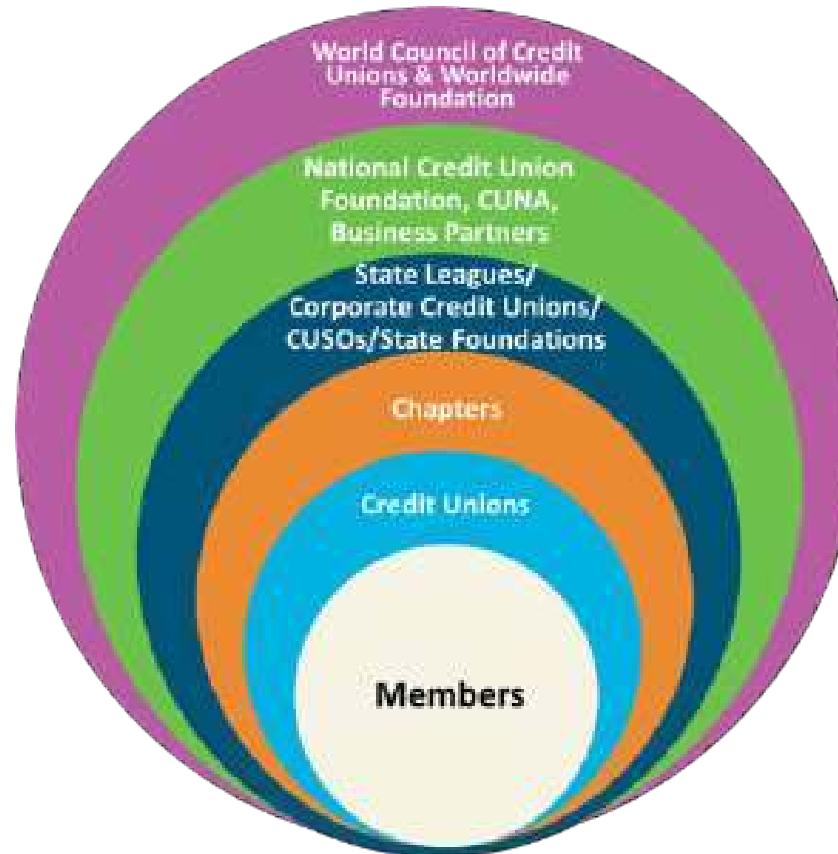


Employee Hardship
Member Hardship

Collaborative
Fundraising

Memorial &
Honorary Funds

CREDIT UNIONS: A member centric world- wide system



Credit unions have the ability to leverage their difference to solve for members issues in a way other financial institutions can't or won't.



CREDIT UNION COOPERATIVE PRINCIPLES



**Voluntary and
Open Membership**

1



**Democratic
Member Control**

2



**Member Economic
Participation**

3



**Autonomy and
Independence**

4



**Education, Training
and Information**

5



**Cooperation Among
Cooperatives**

6



**Concern for
Community**

7



**Diversity, Equity
and Inclusion**

8



Credit Union Development
Education Program
Inspiring change through
credit unions since 1982

- Planned and hosted by a volunteer group of CU Development Educators in NC & SC.
- Deep dive into the cooperative business model and the Eight Cooperative Principles that differentiate credit unions in the marketplace.
- Attendees learn the social purpose of co-ops and credit unions. Participants leave with a greater understanding of just how special credit unions are, and why the Eight Cooperative Principles are at heart good business practices.
- Proceeds fund CUDE scholarships in the Carolinas – all asset levels!
- SAVE THE DATE: October 24 - 26, 2023



P7: Concern for the Community

Thinking beyond just your membership



Philanthropic Partners in our Industry



Development Issues



**Credit Union Development
Education Program**
Inspiring change through
credit unions since 1982



Development Issues Workshop



Be The Movement: The Credit Union Development Education (CUDE) Program

*Tobi Weingart, Director of Programs
for the National Credit Union
Foundation*

Be the Movement

Carolinas Credit Union Foundation

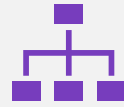
THE National
Credit
Union FOUNDATION®

Tobi Weingart
CUDE, DEEU, CUHRCP
Program Director at National Credit Union
Foundation

- 9 years at Educators Credit Union (WI)
 - Teller/Loan Officer
 - Trainer
 - Talent Development Leader and Sr. Leader
- 3 years at Credit Union National Association
- 1 year at National Credit Union Foundation
- Proud UGA Alum and Mama to 2 girls



What's going on at DE?



Re-Organization



Emphasis on Financial Well-Being for All and DE Project



Advisory Committee



2023 Plans



2023 Plans

- 1 Virtual DE, 3 In-Person DE Classes
 - Virtual: Jan/Feb 2023
 - In-Person: June, Sept, and Oct 2023
- DE Workshop
 - Summer 2023
- Continued focus and emphasis on FWBFA
- National Foundation Scholarship Cycle for all 2023 classes in Q4
- DE Project support



Opportunities for Involvement

Workshop

Exploring Why

DE Advisory
Committee and
sub-committees

DE Mentor

“In the midst of what seems to be, both nationally and internationally, a vast confusion of thinking on social, political and economic matters, I am convinced that we have in the credit union **one basic principle of economic cooperation on which the masses of the people can eventually unite, and in the process solve so many of the problems which are now bedeviling them**, that what we have done, and what we shall do, will together constitute, in the end, a vast contribution to the wellbeing of our day and generation.”

Roy Bergengren to Ed Filene
July 26, 1934



An illustration on the left side of the slide shows a hand holding a magnifying glass over a large dollar sign. The background is dark gray with horizontal black bars and white dots. The right side of the slide has a blue background with white text.

FINANCIAL WELL-BEING FOR ALL

A challenge for credit unions to adopt a more **holistic approach** to improving the financial health of our members, employees and people within the communities we serve.

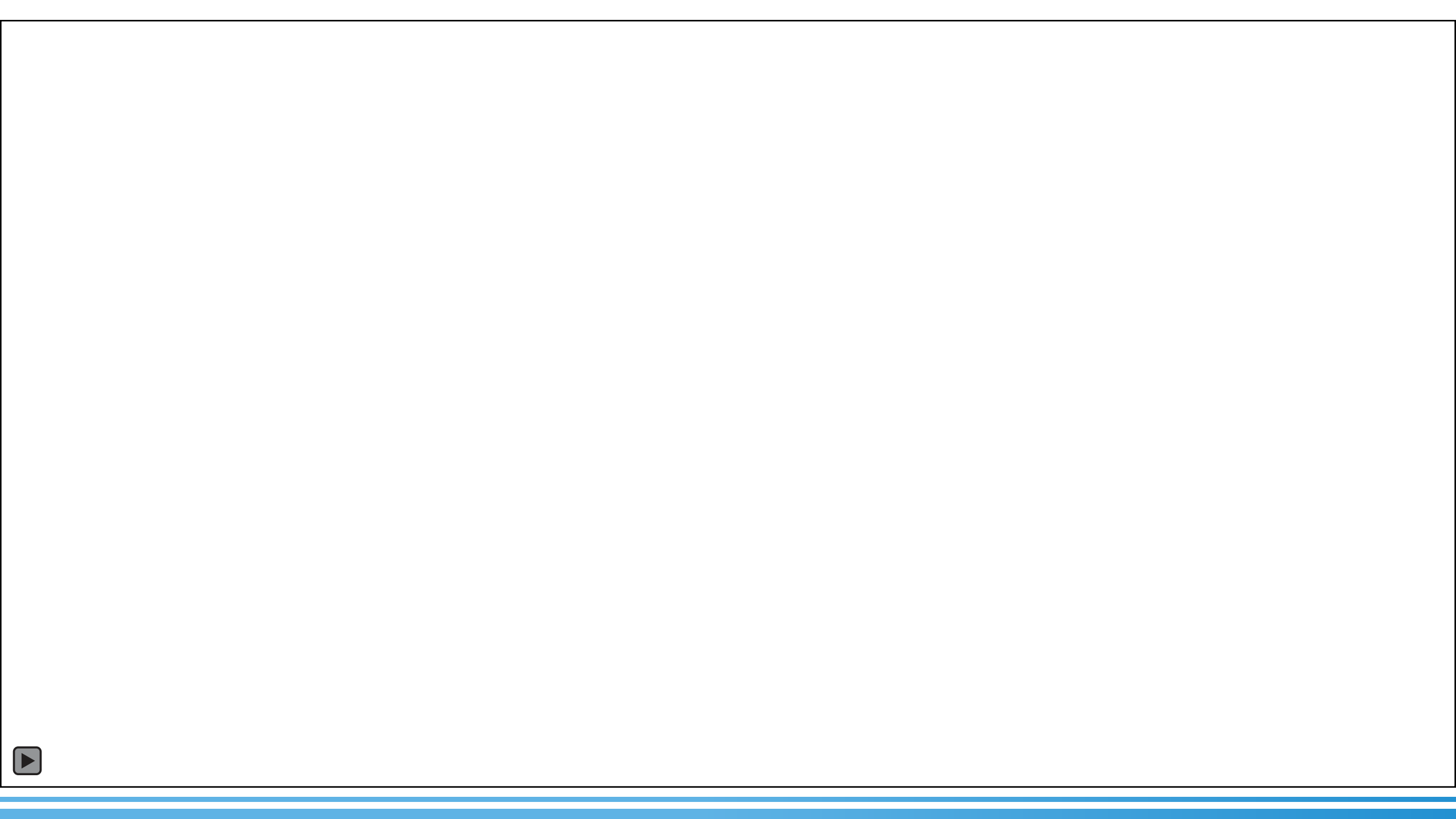


“Being financially secure. That seems very far-fetched.”

Rachel K

Credit union member

Meet Rachel



What exactly *is* financial well-being?

CONTROL

**Control over
your day-to-day,
month-to-month
finances**

CAPACITY

**The capacity
to absorb a
financial shock**

CHOICE

**The financial
freedom to
make choices
to enjoy life**

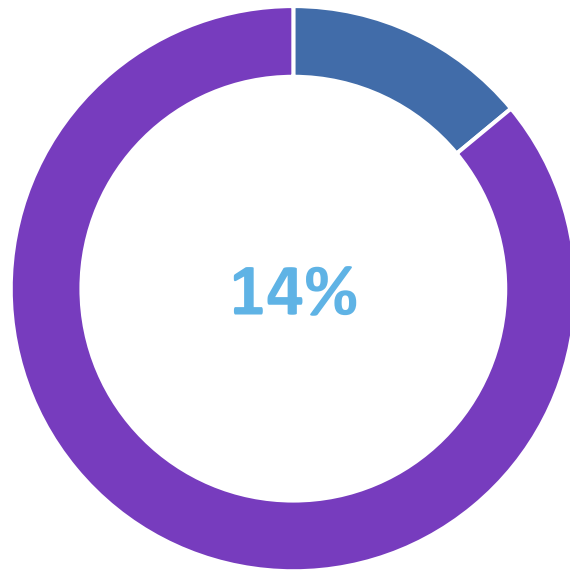
GOALS

**Being on track
to meet your
financial goals**

- Financial education and literacy are certainly a part of it **and** it's also so much more.
- It's what I do with my money and how I feel about my money.
- Financial health and well-being are deeply connected to every other part of my life – my housing, my access to food, transportation, education, healthcare, etc.

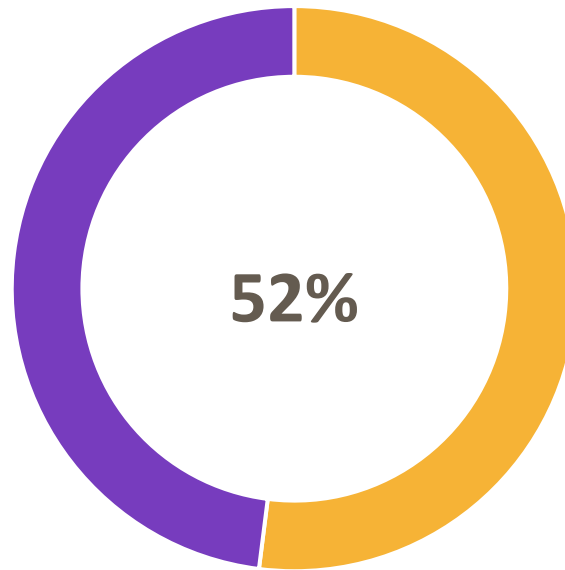
Financial well-being for all: What do we know?

Financially Vulnerable



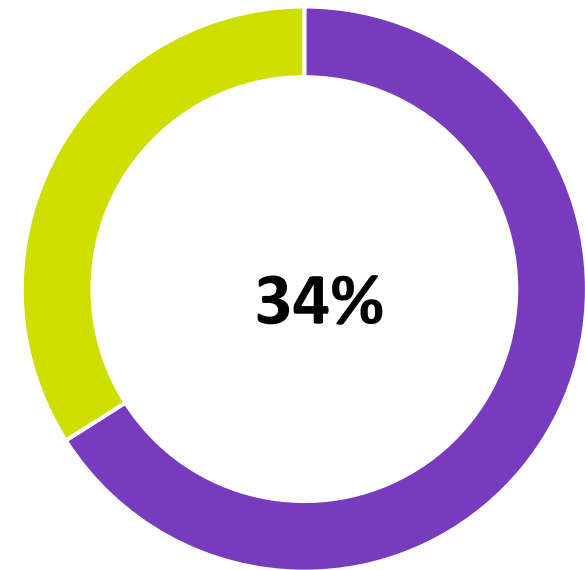
35 million people are struggling with all, or nearly all, aspects of their financial lives.

Financially Coping



131 million people are struggling with some, but not necessarily all, aspects of their financial lives.

Financially Healthy



86 million people are spending, saving and borrowing in a way that will allow them to be resilient and pursue opportunities over time.

More than **two-thirds** of people in America
167 million people
are **not** financially healthy, and disparities have
widened by race and income and persisted across gender

What is financial well-being *for all*?

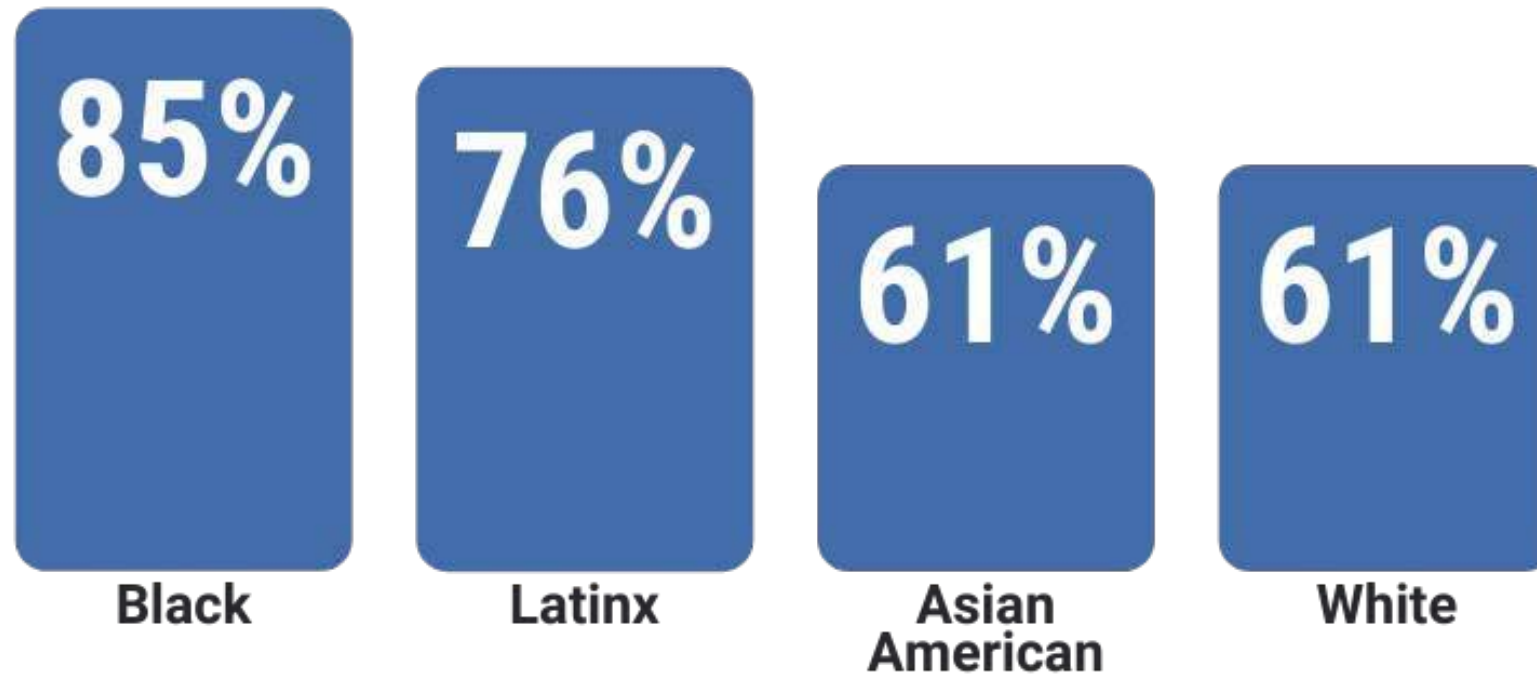
**Percentage of People Considered
Not Financially Healthy by Household Income**



Source: 2020 U.S. Financial Health Pulse

What is financial well-being *for all*?

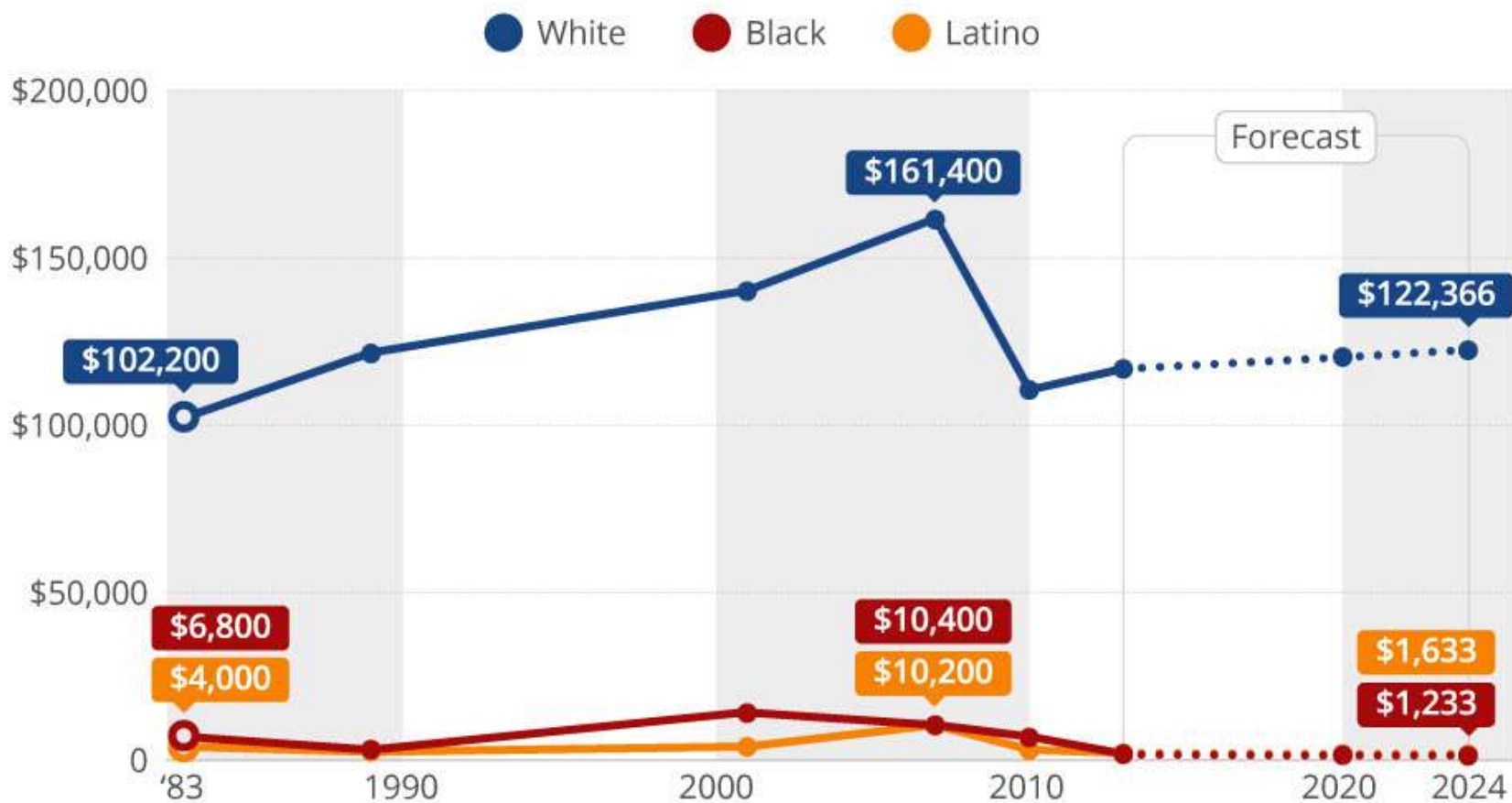
Percentage of People Considered Not Financially Healthy by Race/Ethnicity



Source: 2020 U.S. Financial Health Pulse

Racial Wealth Inequality Is Rampant In The U.S.

Median household wealth by race/ethnicity in the United States (1983-2024)



@StatistaCharts

Source: Prosperity Now & Institute For Policy Studies

statista

How to get started



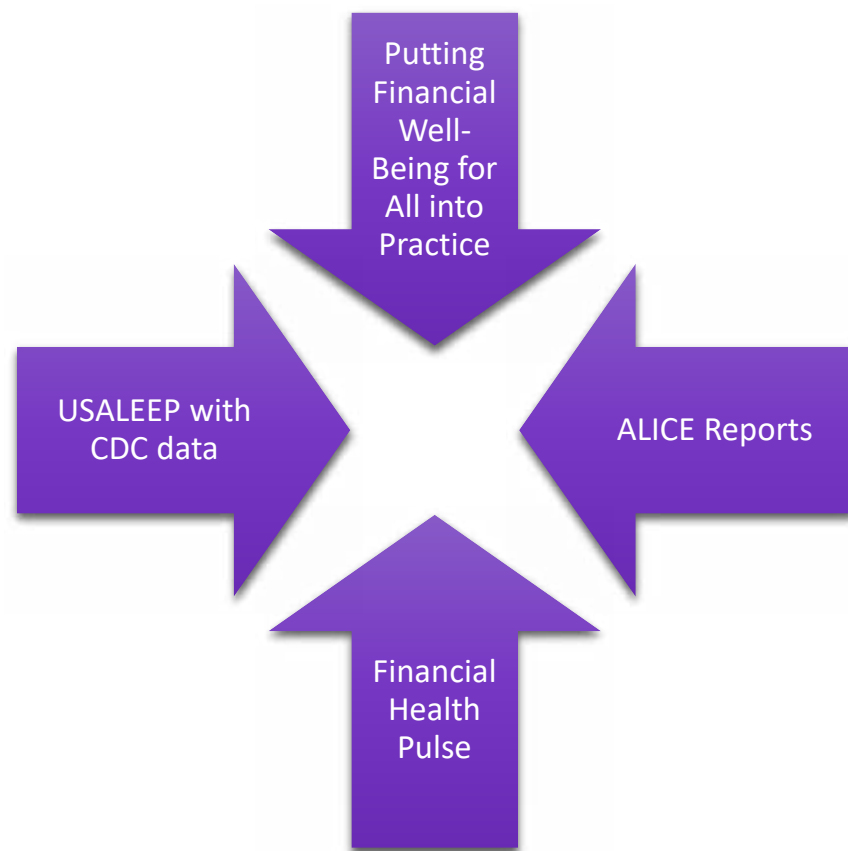


“If you want
to lower my
blood pressure,
help me pay my
electricity bill.”

SOURCE: <https://assetfunders.org/the-issue/health/>; Jason Q. Purnell | Brown School of Social Work, Washington University in St. Louis

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Financial Well-Being for All Brain Food

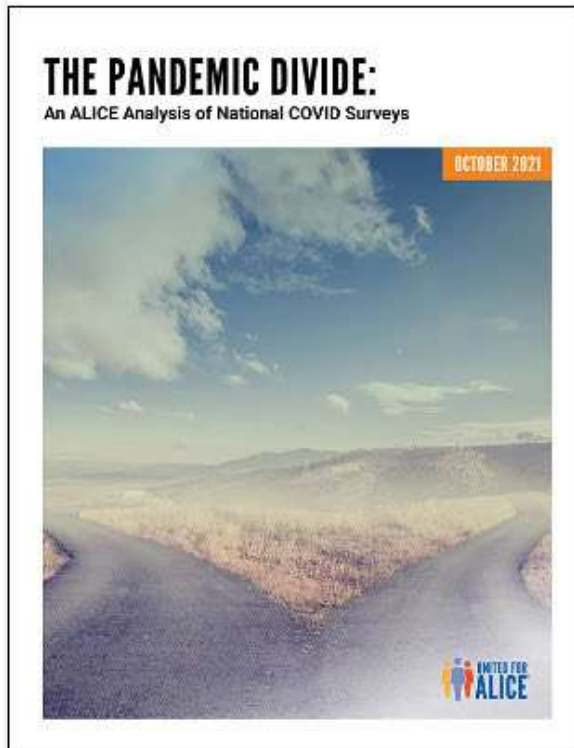


Brain Food:
Putting Financial
Well-Being for All
into Practice with
The Foundation
and Filene



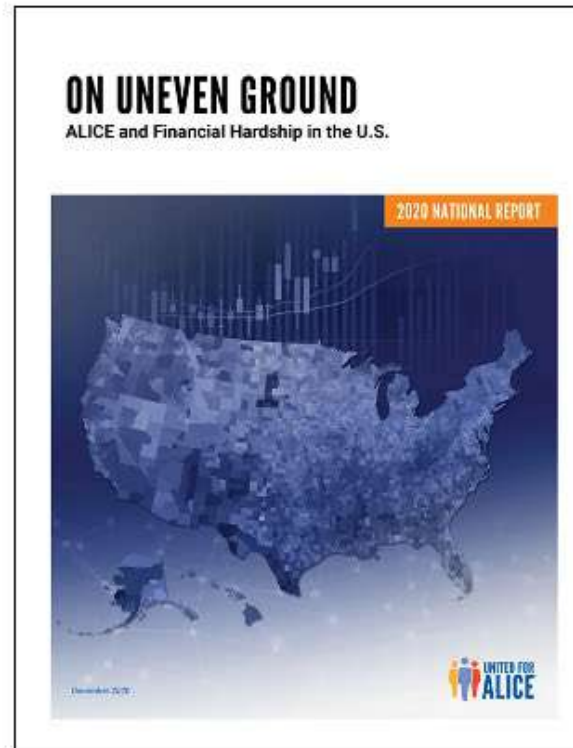
Brain Food: ALICE

The Pandemic Divide



[2021 REPORT](#)

On Uneven Ground



[2020 REPORT](#)

ALICE Essentials Index



[2020 REPORT](#)

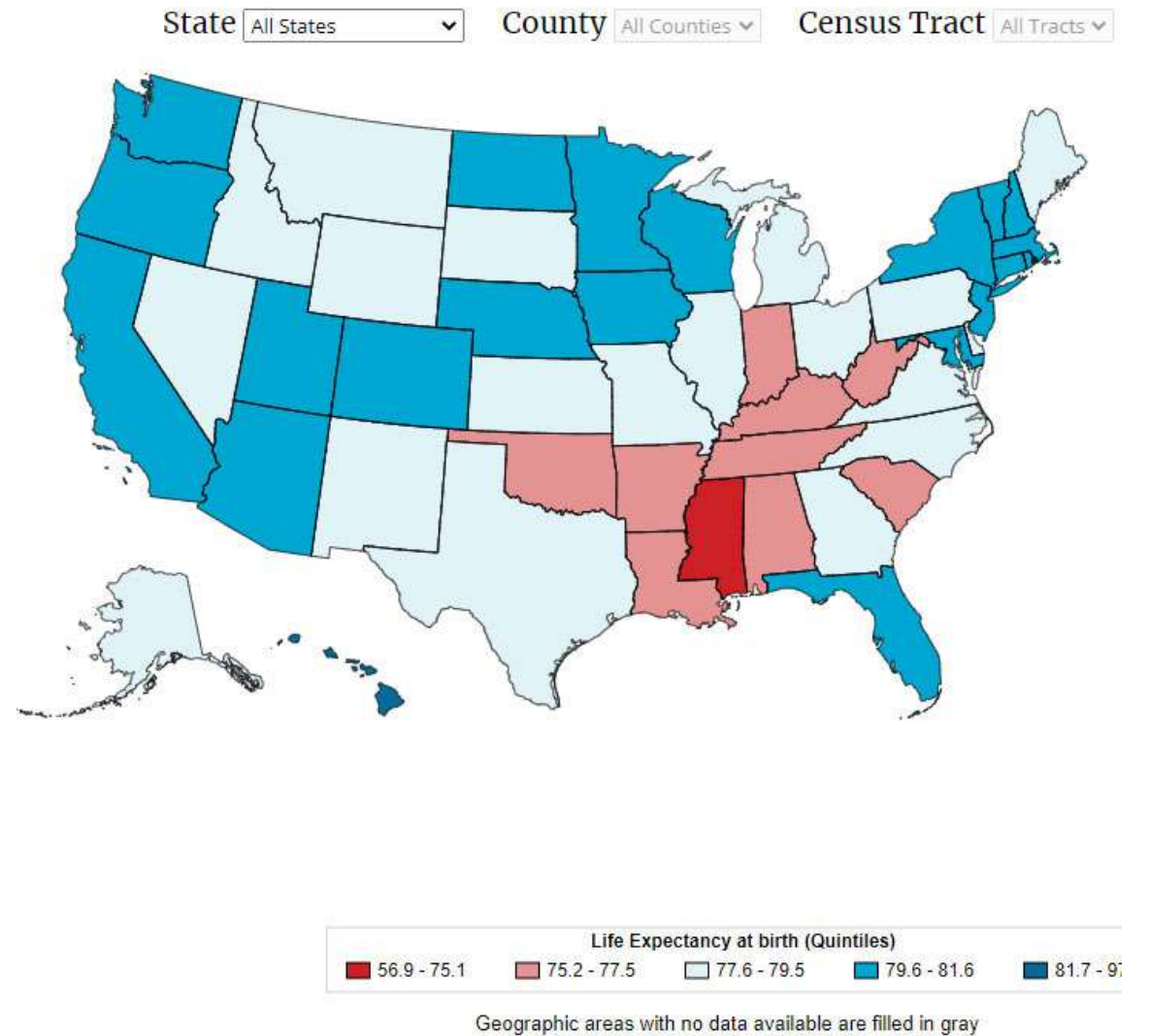
Brain Food: Financial Health Pulse



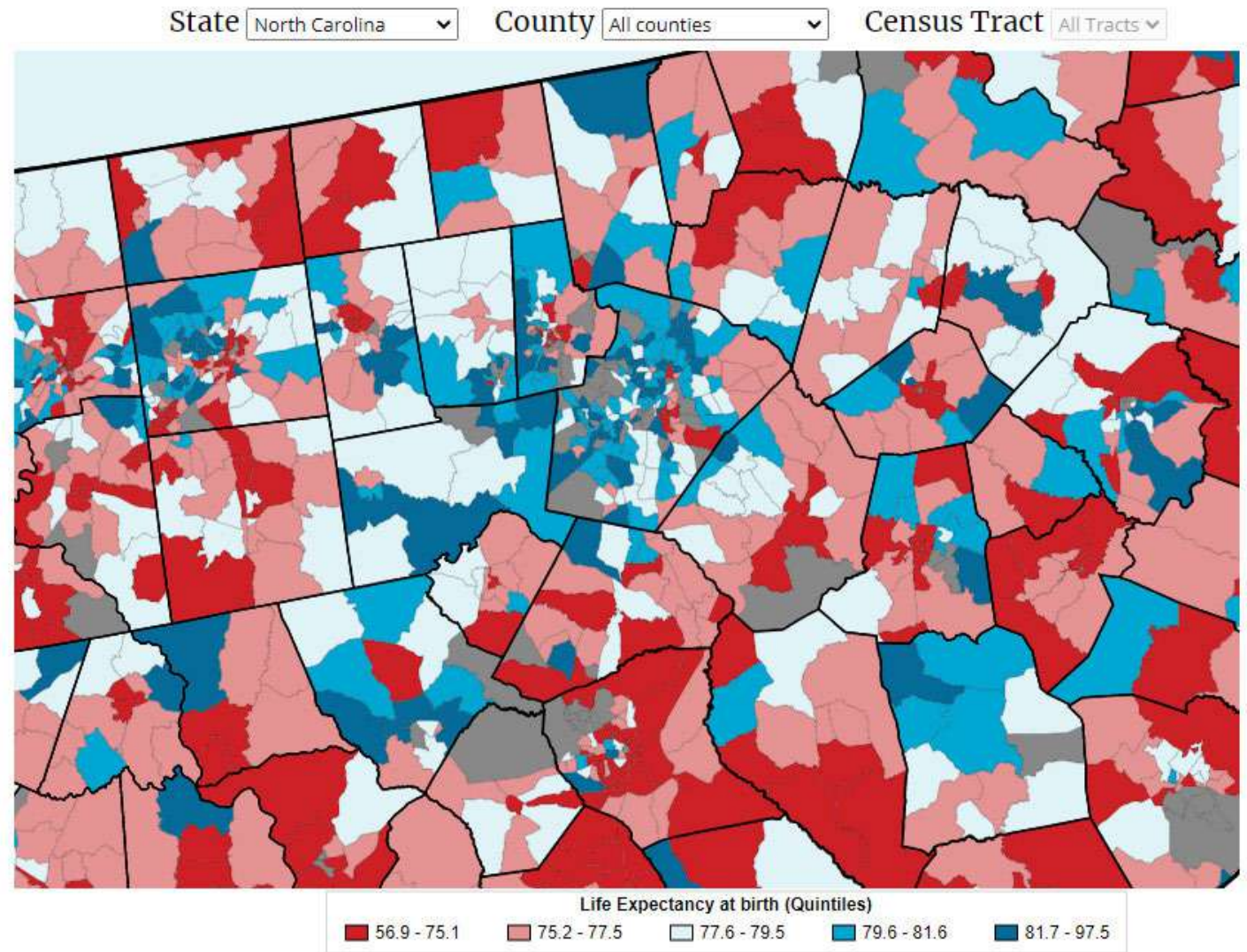
- Annual research on financial health in the U.S.
- Offers 8 indicators of financial health
- Looks at 4 key findings:
 - Financial health improvements
 - Race and income
 - Gender
 - Government interventions

Brain Food: USALEEP with CDC National Center for Health Statistics

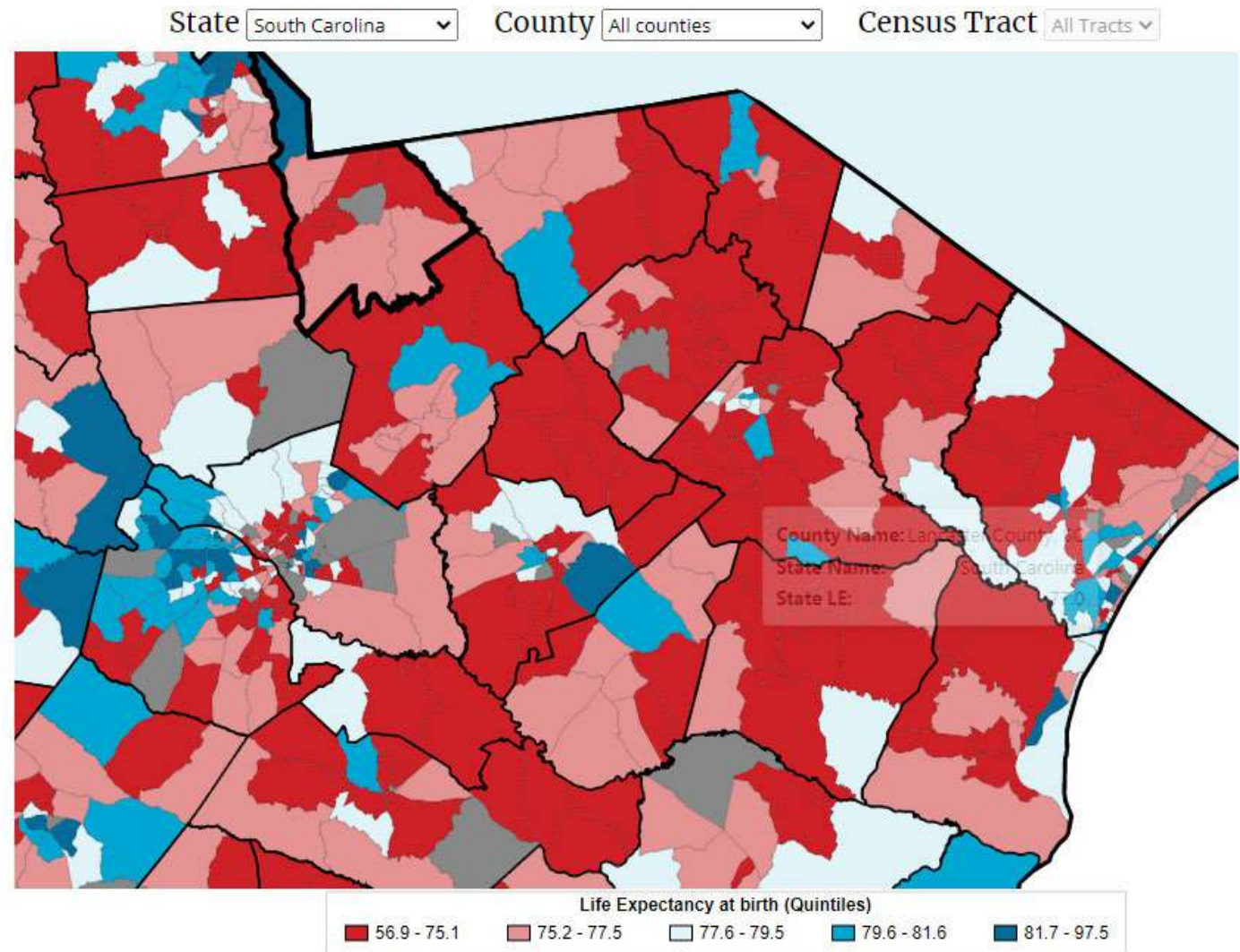
- Partnership with National Center for Health Statistics, Robert Wood Johnson Foundation, and National Association for Public Health Statistics
- Estimates life expectancy from birth
- Can provide an outlook that corresponds to people's overall health in specific counties and regions



North Carolina and Research Triangle



South Carolina and the Pee Dee





“Human service really is
the only reason for the
existence of our credit unions.”

- Charles F. Eikel, Jr.

Development Issues Workshop



Be The Movement: The Credit Union Development Education (CUDE) Program

*Tobi Weingart, Director of Programs
for the National Credit Union
Foundation*

Development Issues Workshop



P3 & P5: Transforming Lives Through Financial Education

Silvia Rincon, SVP Member Experience, Latino Community CU



Latino Community Credit Union

Ethical Financial Products & Education to Empower Communities





112,000 Members

From **137** countries

Average age **36**

15 branches in NC

As a Credit Union LCCU provides products and services through the **economic development** continuum



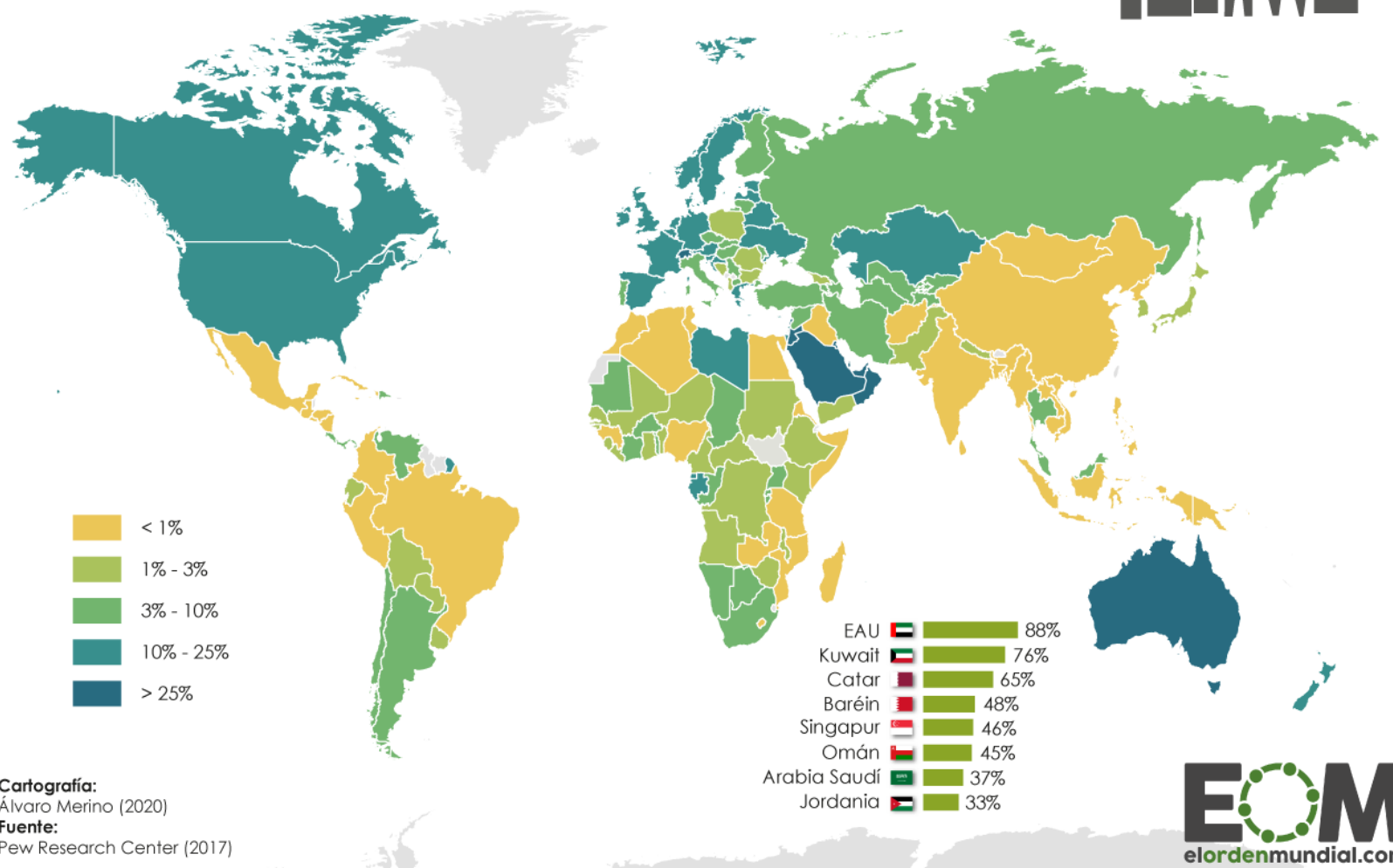


The Immigrant Experience

The Struggle to Enter the Financial Mainstream and Build Wealth

Un mundo de migrantes

% de la población que ha nacido en otro país



Barriers to Integration



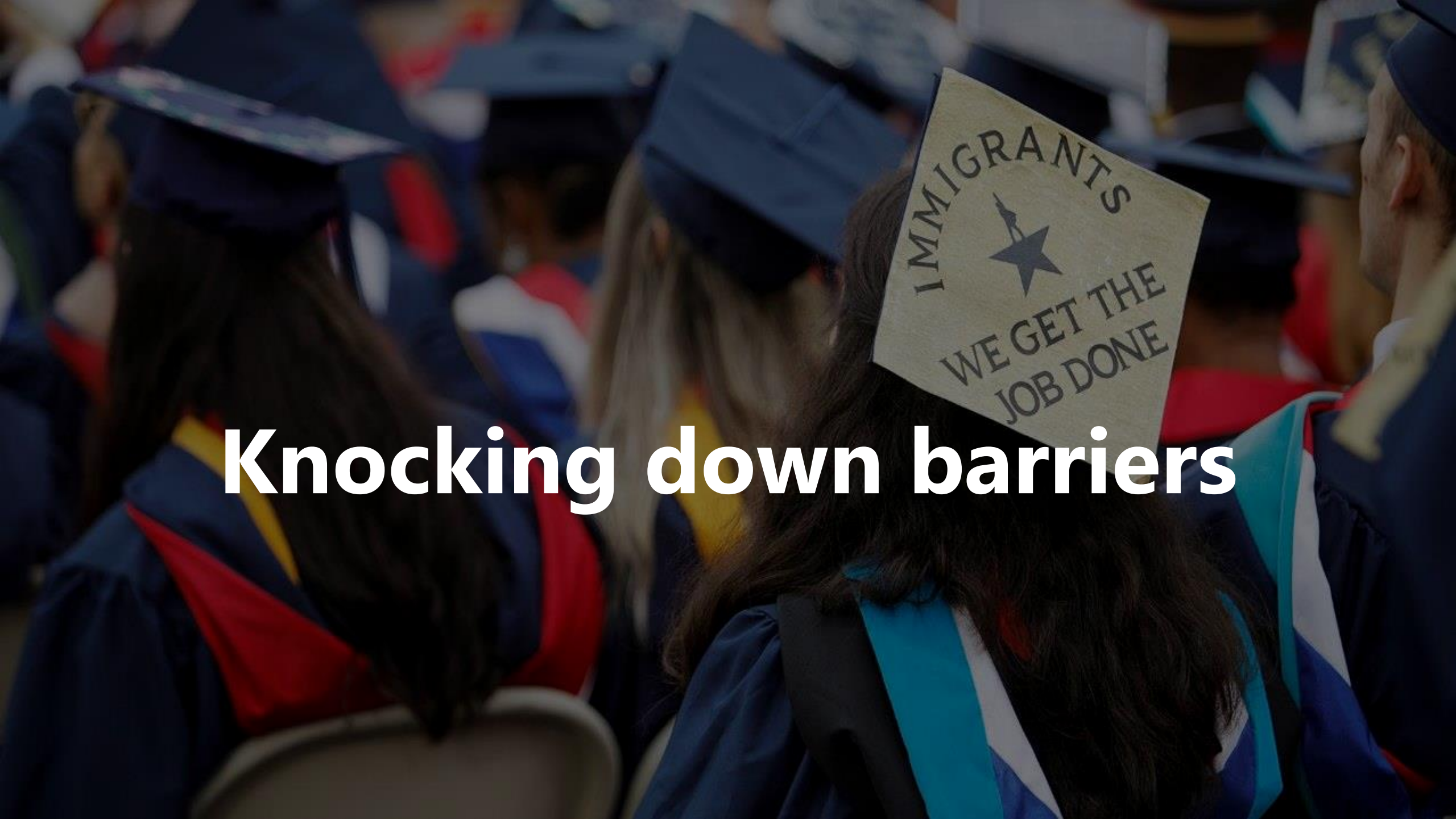
Cultural - Language



Discrimination



Lack of Trust



Knocking down barriers

Access: Safe and welcoming spaces



Employees: True reflection of our membership



Products: Tailored to member needs



Financial Education: Knowledge is power





Our members

- **65%** previously unbanked
- **35%** established credit for the first time
- **6,400** first time home buyers

In the U.S.

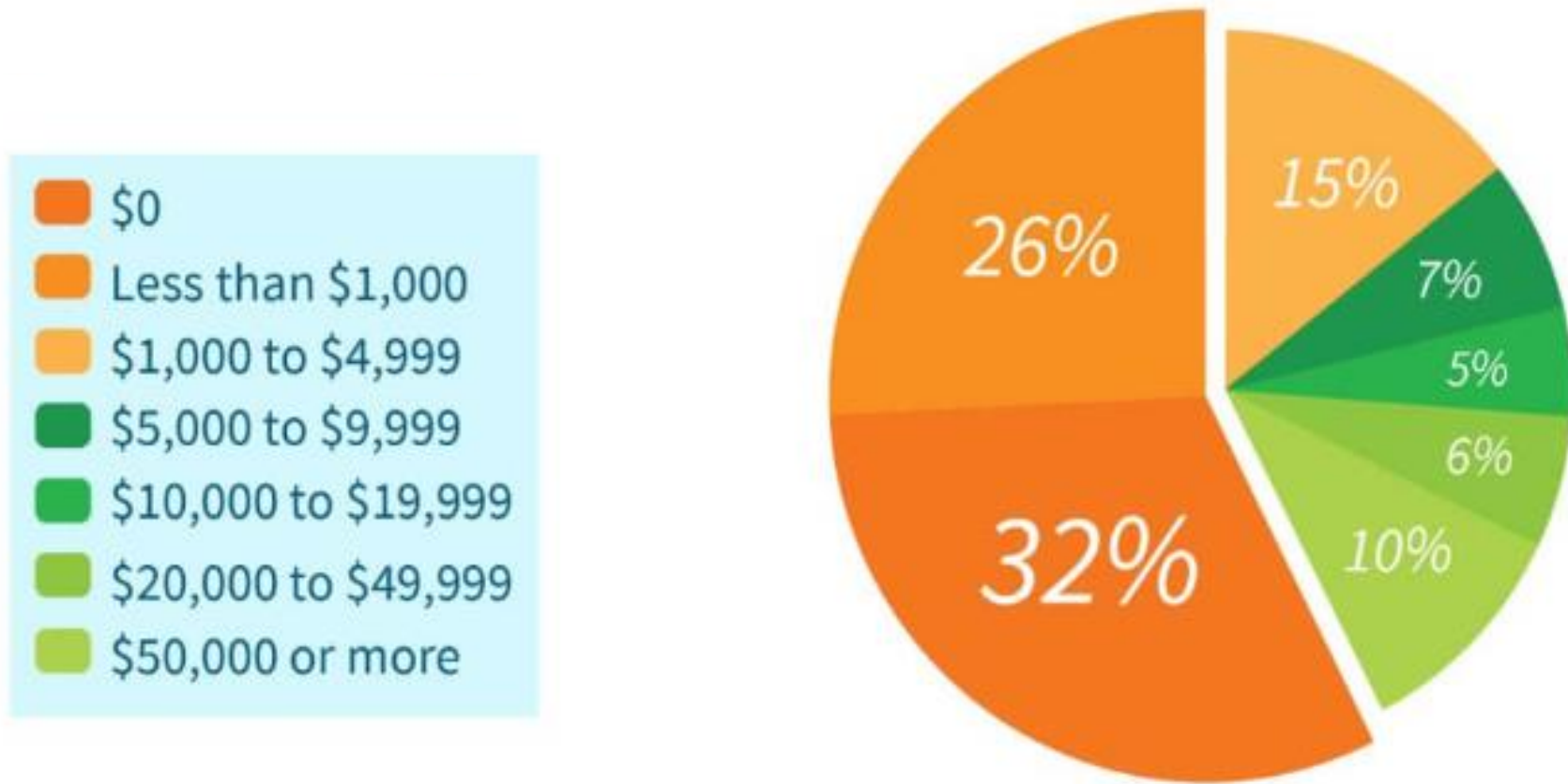
8.4 Million

Households
are unbanked

24.2 Million

Households are
underbanked

Many Americans don't have enough – or any - emergency savings





Our Classes

- **Twice a year:** In-person and remote. In-house facilitators.
- **Culturally appropriate materials:** Both in English and Spanish
- **Popular education methodology:** People-oriented and people-guided approach to education



Five practical workshops to help our members navigate the financial system



BUDGETING 101



**HOW TO BUILD
AND USE
CREDIT**



**HOW TO BUY A
CAR**



**HOW TO
PREPARE TO
BUY A HOME**



**INVESTING -
EDUCATION
AND
RETIREMENT**

Our Graduation Ceremony







Workshops



120 workshops per year

23,000 participants

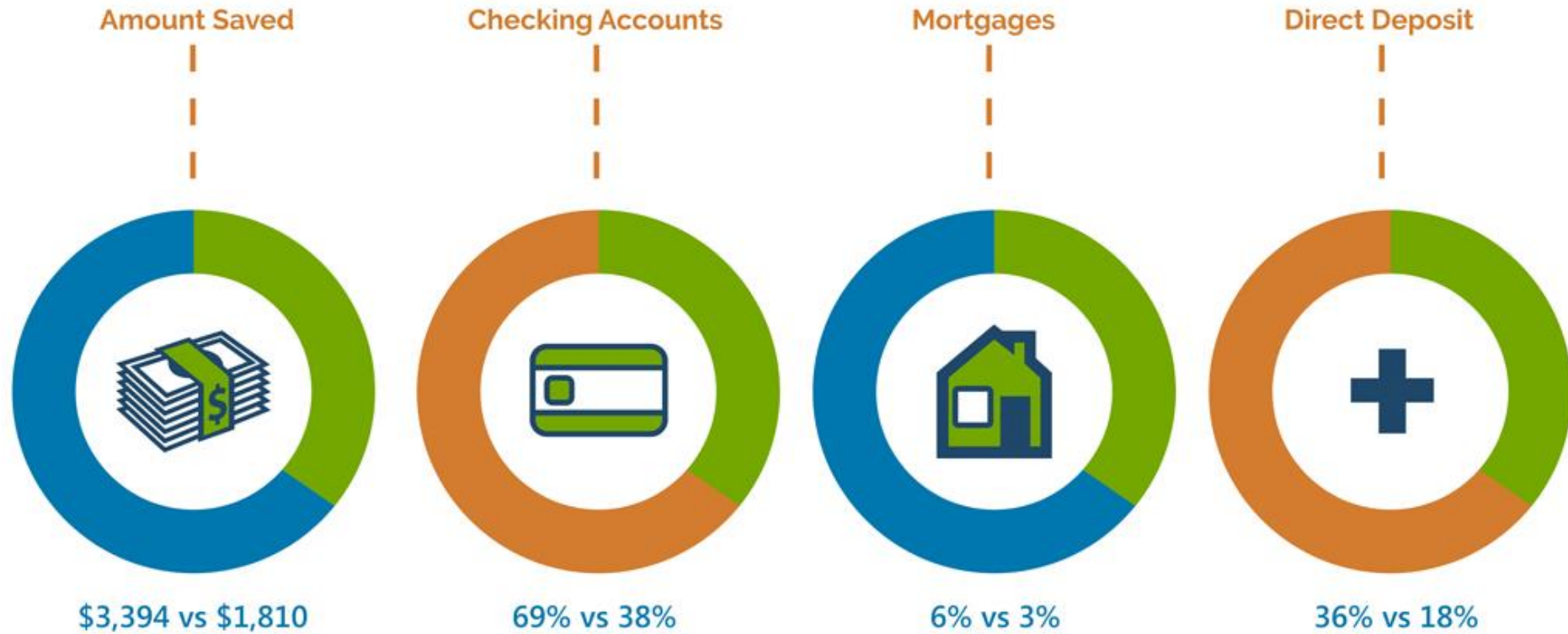
2,500 graduates



More than **30** local and national awards

Free curriculum distributed to over **2,500** groups

Workshop graduates do better when compared to other members:





Partnerships with Community Serving Organizations

- Child Savings Accounts (CSAs)
- Non-custodial youth checking accounts for 13- to 19-year-olds
- Specialized Financial Education Classes

Gracias

Silvia Rincon

SVP, Member Experience

silvia@latinoccu.org
www.latinoccu.org



Development Issues Workshop



P4 & P8: Preserving Access and the Legacy of African American Credit Unions

*Self Help Credit Union's
Randy Chambers, President &
Carl Brown, Executive Staff,
Partnerships and Outreach*



BLACK CREDIT UNIONS: HISTORY & OPPORTUNITY

SEPTEMBER 12, 2022

Carl Brown

carl.brown@self-help.org

Randy Chambers

randy.chambers@self-help.org

SELF-HELP

Mission: Creating and protecting ownership and economic opportunity for all, especially people of color, women, rural residents and low-wealth families and communities.

Self-Help Credit Union 91,000 members, \$1.6 billion NC chartered credit union; 88,000 members; NC-SC-FL-VA focused (1983).

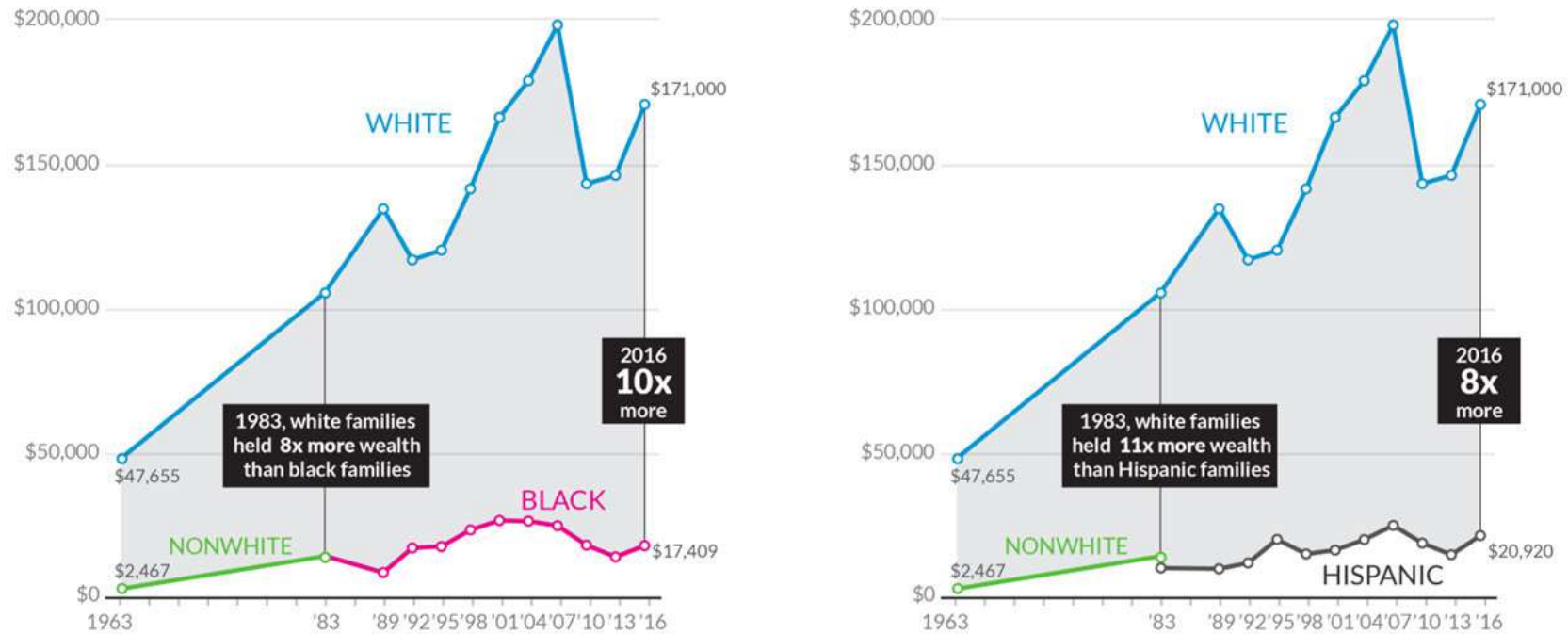
Self-Help Ventures Fund \$800 million community development loan fund for commercial loans, home loan purchases and commercial real estate development (1984).

Self-Help Federal Credit Union 103,000 members, \$2.1 billion federal credit union; 94,000 members; California, central Washington, greater Chicago and Milwaukee (2008).

Center for Responsible Lending is a nonprofit, nonpartisan research and policy organization working to eliminate abusive financial practices (2002).

THE RACIAL WEALTH GAP

Median Family Wealth by Race/Ethnicity, 1963–2016



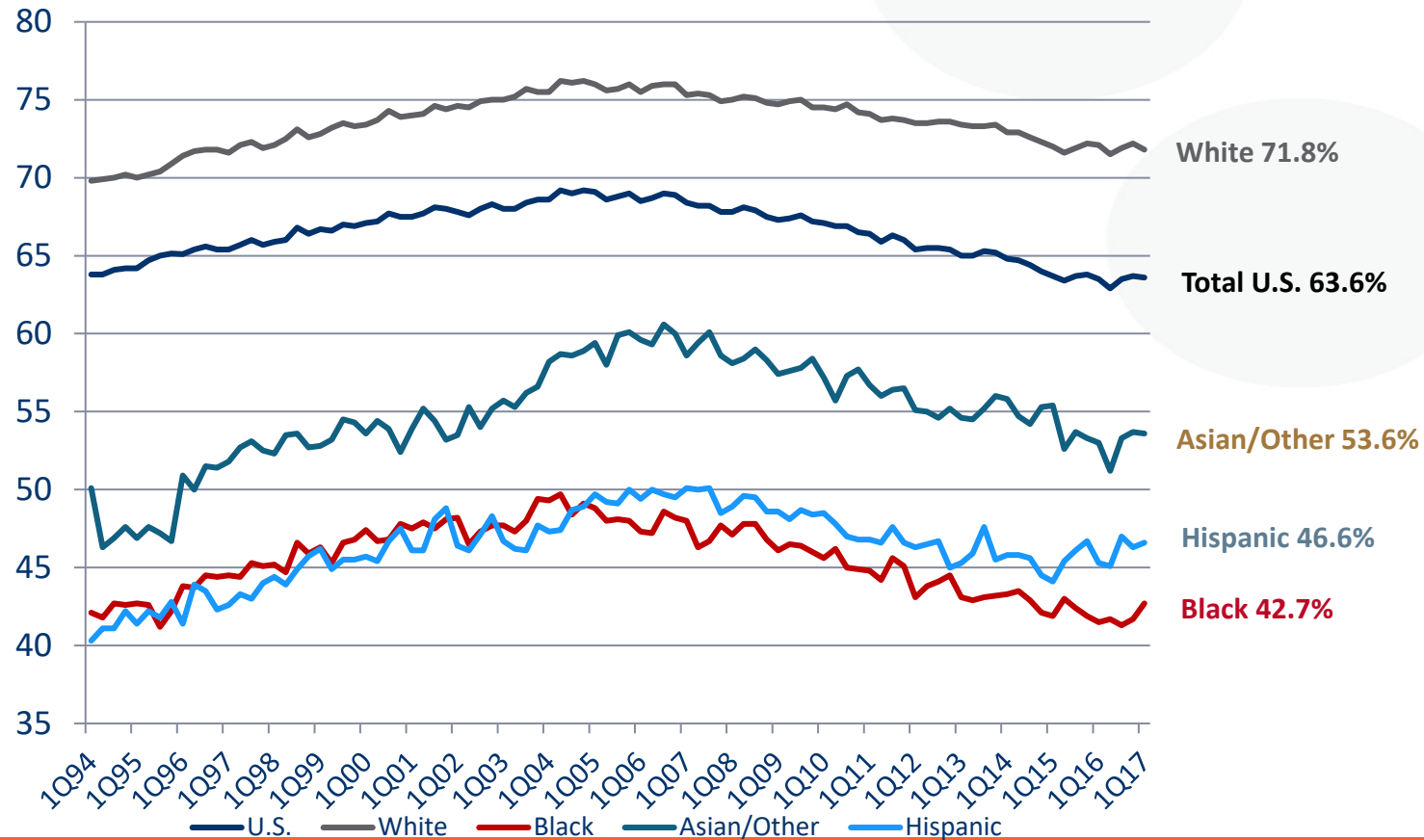
Source: Urban Institute calculations from Survey of Financial Characteristics of Consumers 1962 (December 31), Survey of Changes in Family Finances 1963, and Survey of Consumer Finances 1983–2016.

Notes: 2016 dollars. No comparable data are available between 1963 and 1983. Black/Hispanic distinction within nonwhite population available only in 1983 and later.

URBAN INSTITUTE

THE RACIAL WEALTH GAP

Homeownership Rate (%) 1994 – 1Q 2017



NORTH CAROLINA CREDIT UNIONS

- 1915: NC General Assembly passes Credit Union Act
- 1916: Lowe's Grove CU formed to help farmers facing high interest rates



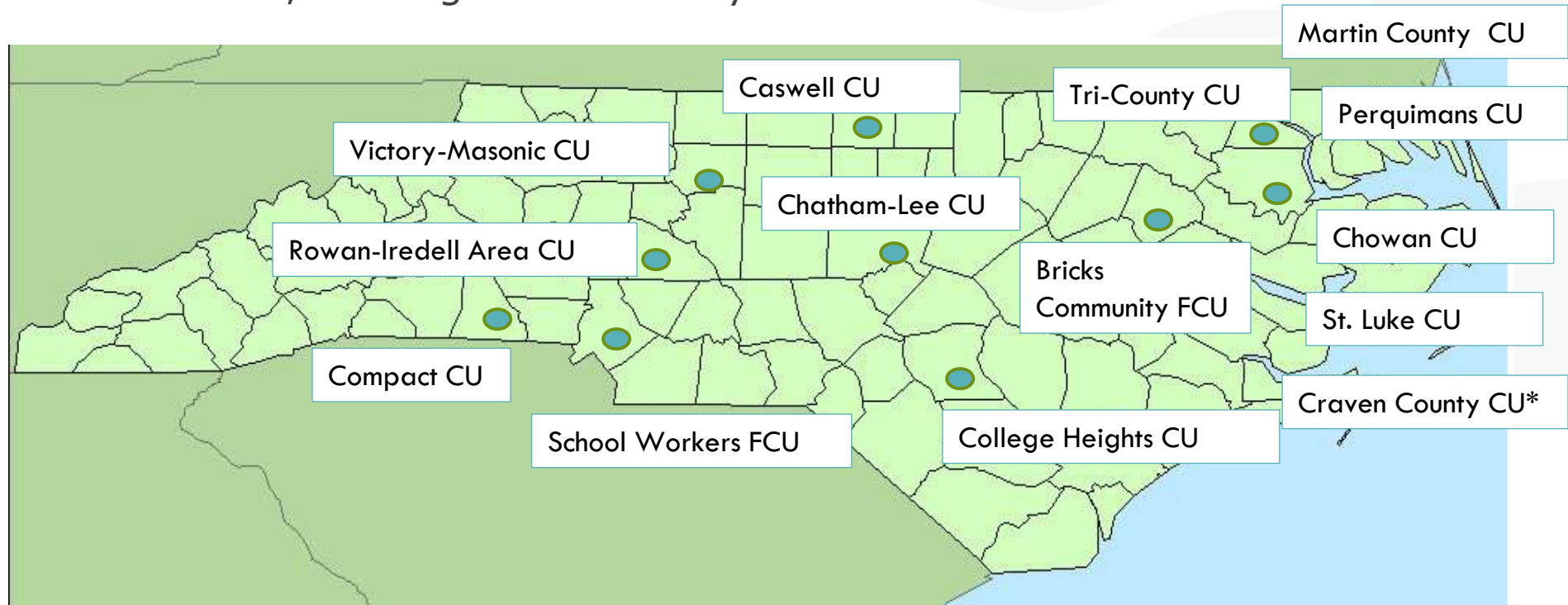
Photo Source:
<http://www.opendurham.org/buildings/lowes-grove-credit-union?full>

- 1918: First African-American CU chartered in Rowan County
- 1948: NC has approximately 50 rural Black CUs
- 1983: Self-Help CU chartered; approx. 25 Black CUs

[Southern Oral History Program](#)

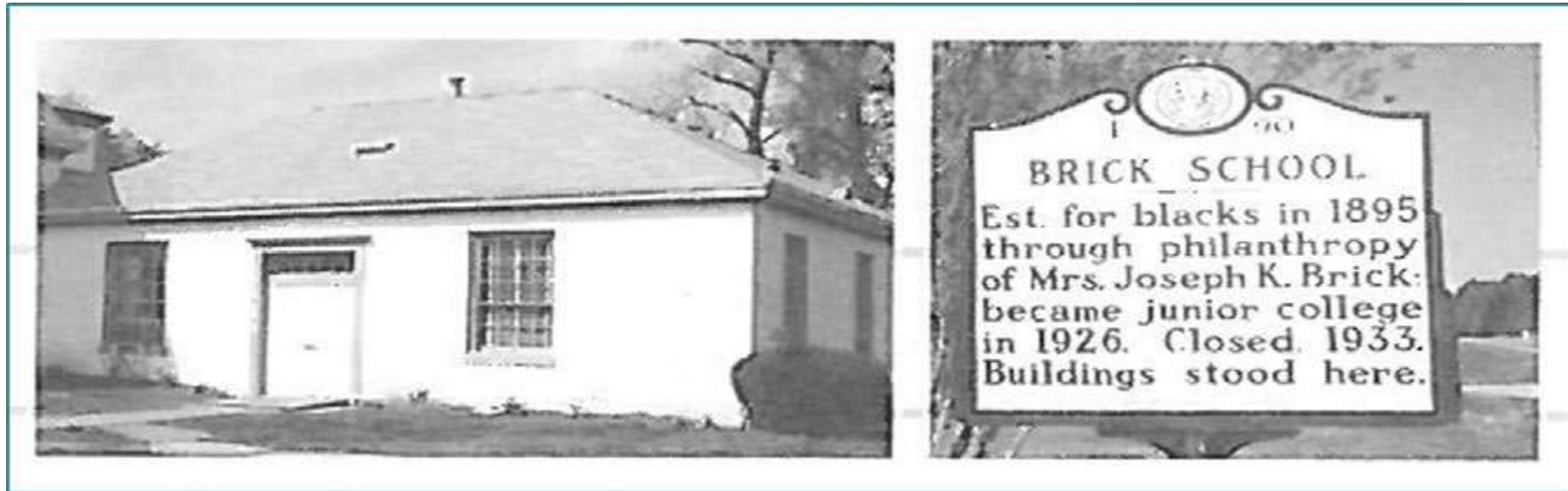
N.C. MINORITY SUPPORT CENTER

1990: after a series of credit union closures by NCUA, community development CU leaders organize a 501(c)(3) to provide technical assistance, funding and advocacy for Black CUs in the state.



BRICKS COMMUNITY FEDERAL CU

- 1936: by J.C. Rogers, a teacher, in Enfield
- 1998: second oldest community development CU in America when it closed and second-to-last Black FCU in North Carolina



ST. LUKE COMMUNITY CU

- 1944: established from sharecroppers' savings club
- 2005: merged into Generations CU

[St. Luke history video](#)

GENERATIONS COMMUNITY CU

- 1994: Est. in Henderson as Gateway Community Development CU
- 2002: Modeled after Latino Community CU to serve as statewide vehicle for stabilizing Black CUs and relocated HQ to Durham
- 2002-2006: merges seven different CUs
- 2014: Merges into Self-Help CU

GREATER KINSTON CU

- 1994: Est. in Kinston
- 2012: Conserved by NC Credit Union Division
- 2013: Converted to State Employees' CU core system & returned to independent operation
- 2020: Last Black CU in North Carolina



Photo source: <http://cucommunicator.wordpress.com/2007/10/31/is-this-heaven-no-its-a-small-credit-union>

RICHMOND HERITAGE FEDERAL CREDIT UNION



OVERVIEW

Richmond Heritage Credit Union (RHFCU) was formed by 10 African American teachers on April 17, 1936, in the middle of the Great Depression, with the mission of serving African American teachers and community members that were excluded from participating in Richmond's mainstream economy.

RHFCU is the last Black owned credit union in Richmond.

The Richmond market, which has a 47.9% Black population, was heavily impacted when COVID-19 struck, including the residents living within RHFCU chartered communities of Manchester, Swansboro and Blackwell. Many of the residents and people who work in these communities have blue-collar jobs in the hospitality and service industries.

RHFCU has 2,181 members and one branch.

ASSESSMENT

KEY RED FLAGS FOR NCUA REGULATORS

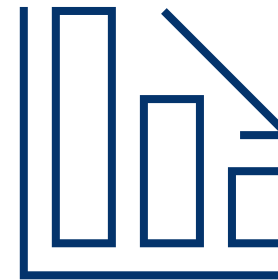
Net worth below 7%

Return on assets < 0%

Charge-offs greater than 1%

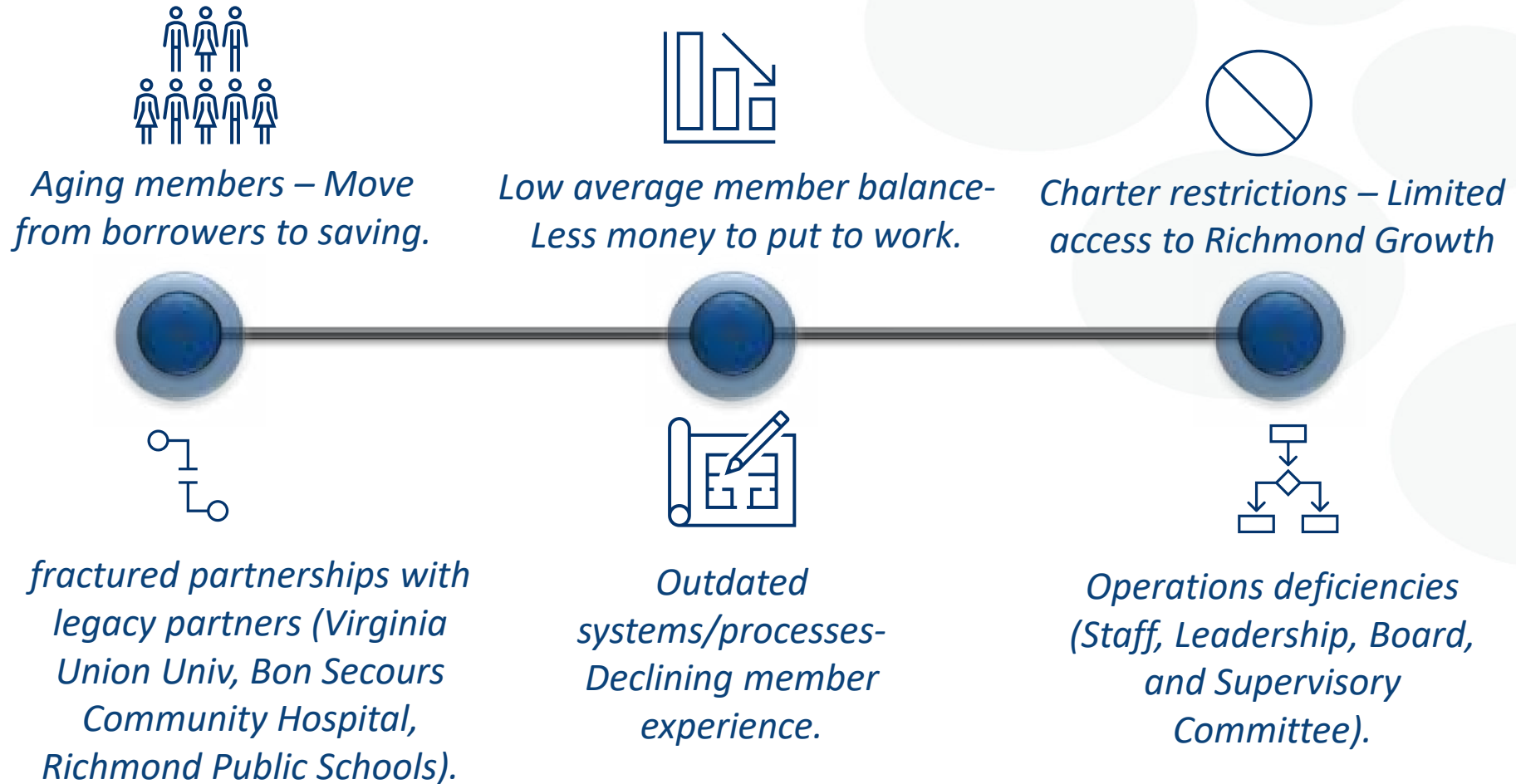
***Net worth: below 4% is seizure level by regulators**

Due to RHFCU's deteriorated net worth, approximately **3.5% of assets** at the end of 2020, NCUA required a Net Worth Restoration Plan (NWRP), which was submitted on February 23, 2021, and approved by NCUA on March 25, 2021.



FINDINGS

SOME OF THE ISSUES



ASSESSMENT

ASSISTANCE FROM SELF-HELP

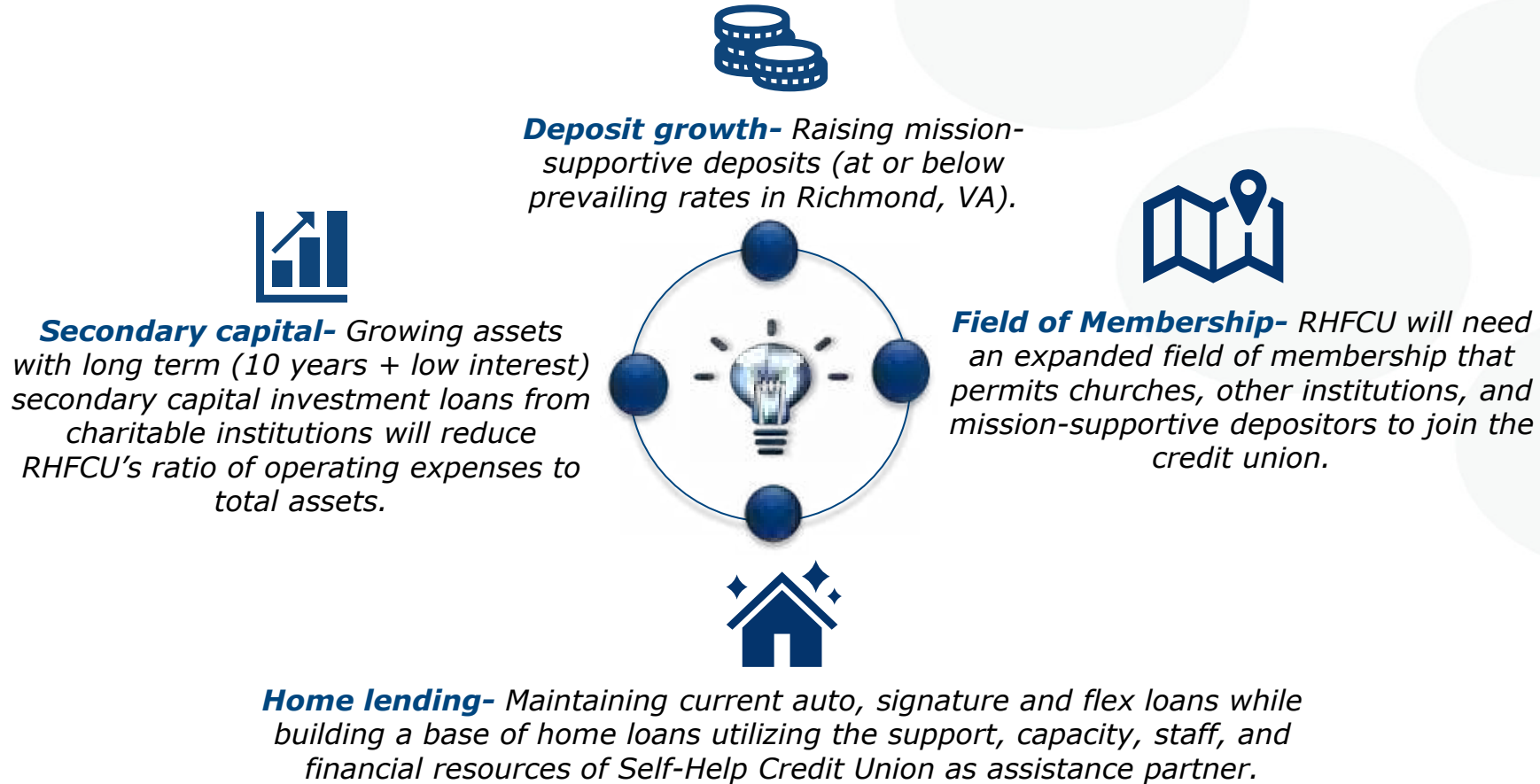
Self-Help was originally contacted as a possible merger partner, but we identified a path for Richmond Heritage to remain independent. Self-Help, when at all possible, works to preserve the legacy and maintain access to African American and community development financial institutions by providing technical assistance.



- 1. Self-Help purchased RHFCU's property for \$1 million.** *This purchase enabled RHFCU to book a \$767k gain, which immediately brought RHFCU to well-capitalized status, with a net worth ratio substantially above the 7% of assets level. We leased the property back to RHFCU for only \$1 per year in base rent with the option to repurchase for the selling price.*
- 2. Self-Help deposited \$3M in non-member funds into the credit union** *to further bolster their deposits.*
- 3. Self-Help agreed to assist RHFCU in its application for the ECIP investment from the U.S. Treasury.** *There was no guarantee that the application would be successful, but if it was, RHFCU could receive \$2.5 million of secondary capital.*
- 4. Finally, Self-Help would provide guidance in the formulation of RHFCU's revised NWRP and 5-year business plan.**

IMPLEMENTATION

WE SIMPLIFIED THE 5-YEAR PLAN TO FOCUS ON THE KEY GOALS, NAMELY



IMPLEMENTATION

NEEDS IN SUPPORT OF THE 5-YEAR PLAN

***\$4 million in secondary capital "equity-like" investments at 10+ years,
1% - 2% interest rate,***



***\$16 million of deposits at market rate, federally insured up to
\$250k per account,***



***\$400k of operating grants, \$300k in first 3 years, \$50k per year
for next 2 years, and***



\$1 million in home loans per quarter- 5 loans per quarter.



IMPLEMENTATION



5-year Mentorship Commitment

- Business Plan Support, DOR/Audit/NCUA, Human Resources, Policy, Procedures & Compliance, Marketing, Community Outreach, Board Support Home lending, Investments, Grants & Capital raising.

Net Worth Restoration Plan

- 2/16/22 Released from the NWRP due to 4 consecutive quarters being well capitalized. No longer in special actions with NCUA Eastern Region.

Secondary Capital

- NCUA approved Secondary Capital Plan written by Self-Help for up to \$4M. SH secured and backed \$3.5M in secondary capital (Northern Trust, Inclusive and Self-Help Ventures Fund).
- Secondary capital investments will be used for home loans for low- and moderate-income members and their families. Our goal is \$1 Million in home loans per quarter.
- Maintaining current auto, signature and flex loans while building a base of home loans will position RHFCU best to serve the residents of Greater Richmond.

Mission Deposits

- Secured \$500K and working on a \$1M Church commitment.

Operating Grants

- RHFCU is seeking operational grants to offset capital, technology and staffing expenses to build a more resilient credit union for community members.
- \$195,000 in operating grants secured in 2022 (NCUA, Inclusive, Jessie Ball duPont). \$150,000 was in support of improved staffing

Home Loan Program

- Launched home loan program in June focused on first-time home buyers and primary home refinancing.
- RHFCU will lean on SHCU to assist with consumer loan underwriting and marketing. SHCU Mortgage team is now set up to originating mortgages in Richmond in support of Richmond Heritage members.

Field of Membership

- Launching Richmond Heritage Community Development Fund, a non-profit 501(c)(3) and future CDFI membership organization.
- RHFCU will need an expanded field of membership that permits churches, other institutions, and mission-supportive depositors to join the credit union.



IMPLEMENTATION

QUESTIONS/COMMENTS



THANK YOU!



Development Issues Workshop & Special Tarheel Chapter Dinner



— CAROLINAS —
**CREDIT UNION
FOUNDATION**



Development Issues Workshop



P6 & P7: The Global Credit Union Movement

Michael Reuter, Executive Director of the Worldwide Foundation for Credit Unions

Development Issues Workshop



5:30 – 6:30 pm – Evening Reception in collaboration with the Tarheel Chapter of Credit Unions – Raleigh Marriott Crabtree Valley

6:30 – 7:15 pm – Buffet Dinner

7:15 – 8:30 pm – P6 & P7: The Global Credit Union Movement, Michael Reuter, Executive Director of the Worldwide Foundation for Credit Unions.



Development Issues Workshop & Special Tarheel Chapter Dinner



— CAROLINAS —
**CREDIT UNION
FOUNDATION**

