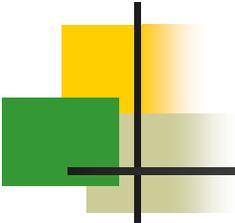




*The credit union alternative
to payday loans*





Program Goals:

- Transition borrowers from wealth-stripping products to wealth-building products.
- Break the cycle of debt and encourage savings.
- Provide lower-cost alternatives to existing payday lending products.



Credit Union Better Choice

Our Answer:

- **Short-term installment loan:
30, 60, 90 days.**
- **Loan payments options: weekly,
bi-weekly, or monthly.**
- **Max loan amount: \$500 (\$575).**
- **Application fee: \$25 (or less).**
- **Max interest rate: 18%.**
- **Wealth building component.**
- **Required financial counseling.**



Pennsylvania Treasury Partnership:

- \$20 million dollar investment in the credit union system.
- Loan loss reserve pool.

Treasurer and Treasury staff promote Credit Union Better Choice Program:

- Webinar participation.
- Promoted on Treasury Web site.
- Letters to credit unions.
- Press Releases.
- Planned targeted mailings.



Product Comparison

Credit Union Better Choice – \$500 for 90 Days	Payday Lending – \$500 for 90 Days
18% APR \$25 Application Fee	Fees and Interest equal to \$15 per \$100 borrowed every 14 days
Total cost after rebate: \$40.09	Total cost for 90 days: \$450
Amount in Savings Account: \$52.25	Amount in Savings Account: \$0



Credit Union Better Choice

Results to date:

- **Status to Date**

- Current Participants 56
- Number of Branches 164
- More credit unions signing up every week

- **Report Summary as of June 30, 2007**

- Number of credit unions reporting 52
- Making loans 42
- Not yet making loans 10
- Total # of Loans 1,682
- Total \$ Value of Loans \$877,059.97
- Savings to Consumer \$600,000

