

Georgia Credit Unions
2011 REAL Deal Outreach Report



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CREDIT UNIONS OFFER REAL HOPE FOR GEORGIANS

Georgia credit unions are engaged in an aggressive outreach campaign to explore new ways to serve middle class Georgians. From their very earliest beginnings, credit unions have maintained a focus on serving people of modest means. As the U.S. economy shifted at the onset of the Great Recession, credit union leaders recognized a growing need among the broader population in the Peach State. This need requires a focused approach on assisting the employed, displaced, underserved and working poor to achieve the aspirations associated with middle class status in America.

This outreach campaign, named the REAL Deal Outreach Campaign, is essentially a framework for providing the products and services needed by middle class Georgians and those aspiring to become middle class. These programs provide relevant, effective, asset-producing solutions to help people achieve their goals.

This report highlights the impact Georgia credit unions make each day to help Georgians succeed financially. People from all walks of life and in every corner of the state enjoy the services of credit unions. Now, more than ever, consumers are realizing the value that not-for-profit credit unions have on individuals, families and communities, and why credit unions have always been the place where "People are worth more than money."



A UNIQUE STRUCTURE: PEOPLE, NOT PROFIT

One distinction of credit unions is that they are led by boards of directors who are members of the credit union. This allows them to continue to operate with people in mind. Not only do these board members devote their time, they do it without being paid. They have a vested interest in the conservative nature of the credit union. After all, it's their money. The profit motive for credit unions and their boards is financial stability and member satisfaction. Today's credit union members can appreciate that conservative nature. Credit unions have a responsibility to their member/owners. Credit unions are here when it matters.

1.8 million credit union members in Georgia

\$16 billion Assets at Georgia's 153 credit unions

423 Credit union branches in Georgia

\$116,194,635 Estimated direct financial benefits to Georgia credit union members (12/09 — 12/10)



ASPIRATIONS OF THE MIDDLE CLASS

According to a 2010 report by the U.S. Department of Commerce titled “Middle Class in America,” middle class families are defined by their aspirations more than their income. Average incomes for people who call themselves middle class are about \$55,000 per year. But income is not the sole factor in defining oneself as middle class. The report explains that families at a wide variety of income levels aspire to middle class status, often defined by home ownership, vehicle ownership, college education for their children, health and retirement security, and occasional family vacations.

About 45 percent of Americans view themselves as middle class – approximately the same as it has been on average in polls since the 1960s, according to the report. This is compared with 39 percent who see themselves as working class or less well off than that, and 14 percent who see themselves as upper-middle class or better off. The report goes on to state that while 52 percent in the middle class say they are there comfortably, 6 percent see themselves as moving up beyond their current status.

84% of credit unions offer used vehicle loans for low-credit score borrowers.

69% of credit unions offer a program to help modest-income members save.

47% of credit unions offer second-chance checking accounts.

31% of credit unions offer a mortgage product for moderate-wealth or first-time homebuyers.



PRODUCTS TO SERVE MIDDLE CLASS GEORGIANS

As a result of the economic downturn, many Georgians have found themselves in financial circumstances that have impacted their employment, credit score, and their ability to save money and pay bills. These special circumstances require special assistance. Many of these Georgians have turned to credit unions to help them get back on their feet. Credit unions consistently meet the financial needs of middle class Georgians, and those with middle class aspirations, through a variety of programs, products and services. This is illustrated in the following results from a 2010 survey of credit unions in Georgia:

81% of credit unions offer tiered loan pricing based on risk.

79% of credit unions offer a small value loan of less than \$500.

70% of credit unions offer free checking (no monthly or per-check fees and no minimum balance requirements).

48% of credit unions offer a credit builder loan for those with no credit history.

44% of credit unions offer a credit re-builder loan for those with poor credit history.



BUILDING A SOLID FOUNDATION IN LENDING

Credit unions have done what they can to provide the financing needed by families, college students, home owners, small business owners and others to improve their lives and attain their goals. Members increasingly tell credit unions that they have been cut back or turned down by other lenders. They want to know if credit unions can help with their loan needs. Unlike many lenders, credit unions approach each loan from the perspective of what is best for the member.

\$2,385,793,539 Amount of used auto loans outstanding.*

266,852 Total used auto loans.*

\$1,281,750,421 Amount of new auto loans outstanding.*

126,413 Total new auto loans.*

\$180/yr What credit union members save on average in interest expense when financing a \$25,000 new auto for 60 months at a credit union compared to a banking institution in the state.**



*Source: National Credit Union Administration, as of December 31, 2010

** Source: Credit Union National Association Economics and Statistics Department, December 2010, The Benefits of Membership.

BUILDING A SOLID FOUNDATION IN LENDING

Credit unions continue to lend through the current economic downturn, as they have done reliably and conservatively for many years. In the midst of the mortgage crisis, credit unions continued their practice of offering affordable mortgage loans and did not tighten their lending requirements. Despite the cap on business lending, credit unions are doing what they can to help small business owners start and grow their enterprises. Because credit unions have followed responsible lending practices all along, they will continue to help members build a solid foundation through lending.

\$4,026,901,084 Amount of loans granted during 2010.

361,881 Total loans granted during 2010.

\$3,003,034,937 Amount of total 1st mortgage RE loans outstanding.

23,267 Total 1st mortgage RE loans.

\$196,218,847 Amount of member business loans granted in 2010.



Offering Members a Second Chance

Gwinnett Federal Credit Union, Lawrenceville

Credit unions offer a variety of products, transaction accounts and programs to help consumers achieve their financial goals. One such example is an auto loan program launched in October of 2009 by Gwinnett Federal Credit Union. The "Fresh Start Loan" enables these credit impaired members to purchase a later model, good quality, basic car in the \$12,000-\$15,000 range utilizing the credit union's MEMBERS Auto-Choice car-buying service. The service helps members find a better deal than they would get from buy-here-pay-here auto lots who cater to credit-impaired individuals.

The program follows strict underwriting guidelines and best practices to manage the loan portfolio to ensure repayment and help members rebuild their credit. By the end of May 2011 the credit union booked over 300 auto loans with a total of \$ 4.4 million. On average, individual members have realized an average savings of \$3,000 to \$5,000 in purchase price and interest payments over the life of their loan. The program even allows for refinancing after the member establishes a positive payment history. According to Marshall Boutwell, President and CEO of Gwinnett FCU, the Fresh Start Loan program has saved members over \$1 million in purchase costs and interest payments since the program began.

Boutwell stated that, "This is a win-win situation for the member and the credit union. We help the member save money, help break the credit cycle of high purchase price, high interest payments offered by alternative auto lending sources while producing a good revenue stream for the credit union. The most important thing is that we are fulfilling our social mission of helping individuals of modest means improve their financial well being. This is the fundamental principle that distinguishes us from the rest of the financial marketplace and is a fundamental founding principle of the credit union movement."



EDUCATING GEORGIANS AT EVERY AGE

In the process of achieving middle class status, families and individuals have a need for ongoing financial literacy/education. From the very youngest to the senior citizens, Georgians are being served by credit unions through a range of financial literacy options. These educational options are offered at the credit union, at community centers, churches, local fairs and festivals, and even in schools. In 2010, credit unions made a sizable impact on the financial literacy of Georgians.

86% of credit unions offer a savings account for youth 11 to 13 years old.

83% of credit unions offer a savings account for teens 14 to 17 years old.

68% of credit unions offer educational programs/tools for teens 14 to 17 years old.

64% of credit unions offer educational programs/tools for youth 11 to 13 years old.



Helping Communities Become FoolProof

MEA Federal Credit Union, Columbus

MEA Federal Credit Union sponsors hundreds of individuals in the FoolProof Financial Literacy Program. The Web-based program offers online videos, tutorials, and real-life situational instruction to help individuals of all ages learn responsible financial behaviors. Several area high schools, one alternative school and the Chattahoochee Valley Community College (CVCC) are all engaged in the FoolProof experience. MEA's CEO, Polly Bell, said, "FoolProof allows us to bring to our community a pure, real and simple message in a venue that spurs interest and interaction, creating the perfect learning environment."

Bell had the vision to know that arming future generations with the tools to become savvy money handlers is one of the best avenues to develop future financial stability. Grappling with a new environment and new responsibilities, first-time college students and re-entries get a down-to-earth, common sense financial guide to dealing with credit, checking and savings through the FoolProof program. MEA, a community involved educators credit union, covers the cost of the FoolProof program and offers it online to the area's schools, churches and service organizations. In less than one year, MEA has impacted 500 high school students and 700 junior college students with the FoolProof Financial Literacy Program.

2,131 Educational events held by Georgia credit unions for youth and adults.

63,931 Consumers/members in attendance at credit union-sponsored educational events.

60% of credit unions offer basic financial literacy/education programs/tools to members of all ages.



Helping Communities

MidSouth Community Federal Credit Union, Macon



MidSouth Community Federal Credit Union is a prime example of how credit unions all over Georgia connect with and improve the communities they serve. They make a positive impact on the lives of not just their members, but of all Georgians. Always focused on giving back to the community, in 2010 MidSouth Community FCU raised the bar when it developed and implemented “Helping Hands,” an employee volunteer group. Employees at all levels performed over 1,000 hours of volunteer community service—and this is from an organization with just over 60 employees.

The volunteer activities made a difference in a variety of areas. Credit union employees made Saturday visits to a retirement community, the executive team aided in the physical construction of an assisted living home for the developmentally disabled, the credit union participated in financial wellness fairs and helped with countless charities and children’s groups. “We are blessed to be able to give back so much to our community,” says Claude Garrett, CEO of MidSouth. “The commitment that our staff has shown to this effort is another profound aspect of credit unions. We genuinely care, and we remain committed to the communities we serve.”

The credit union donates to over 70 non-profit, 501(c)3 organizations, and contributes to nearly 100 schools in its 13-county service area. This positive impact on the community was recognized when MidSouth was awarded the 2011 “Torch Award for Marketplace Ethics,” from the Better Business Bureau in Macon. The number of lives MidSouth Community FCU has touched through its community outreach is well into the thousands, and the chain reaction of positive momentum that often follows such activities is immeasurable.

\$3.8 million donated to charitable/community organizations by credit unions.

51,631 volunteer hours worth \$1.1 million contributed by credit unions.

94% of credit unions volunteered with charitable/community organizations/events.

REAL Partnerships

Coastal Empire Credit Union Chapter

REAL Partnerships demonstrate the formal relationships between credit unions and other organizations that provide outreach services to assist individuals. One REAL Partnership for credit unions all over the state is with Children's Miracle Network Hospitals (CMN) Hospitals. Credit unions and area credit union chapters have developed strong bonds with this organization over the years. Credit unions statewide have been instrumental in providing financial support, and tangible assistance in fundraising for CMN Hospitals, and are a true partner with this organization.

An example of the far-reaching involvement of this partnership is the Coastal Empire Chapter of credit unions, which encompasses the 13 credit unions in that area of Georgia that represent just over 150 employees and over 60,000 members. These credit unions have coordinated with CMN Hospitals for years to support Backus Children's Hospital. They staff telethons with their credit union employees, have their branches sell candy bars (along with countless other items) in the lobbies, sponsor golf tournaments, and hold raffles during their quarterly Chapter meetings to benefit CMN Hospitals. The efforts of this partnership produce a positive impact. The 2010 donations from credit unions in the Savannah area totaling \$13,320 were presented to Children's Miracle Network Hospitals on November 23, 2010 at the Backus Children's Hospital in Savannah.

Regardless of what is happening in the local and statewide economy, the partnership continues for these Savannah credit unions. The past few years have been a challenge for all Georgians, but the importance of the partnership with Children's Miracle Network Hospitals continues as a strong focus for the credit unions in the Chapter. Don Hill, CEO of Memorial Health CU and President of the Chapter shared that this partnership hits close to home: "We know how fortunate we are to have the children's hospital in our own back yard, so anything we can do to support them supports our entire community."

There are many other examples of REAL Partnerships in credit union chapters throughout the state.



Despite the economic challenges faced by many Georgians, families continue to turn to credit unions as a trusted source of financial advice.

In a survey of 39 credit unions from across the state representing 91 percent of credit union assets and 83 percent of members in Georgia, Georgia Credit Union Affiliates gauged credit union lending and savings trends. The data compares year-end figures from 2009 and 2010. Summarized below, the findings indicate a continued trend toward savings among consumers, while figures for lending varied (all rates are annualized):

- Savings deposits rose at an annualized rate of 5.42 percent during 2010, just slightly less than the 6.24 percent rise in 2009. Checking account balances also grew by 13.12 percent in 2010.
- New vehicle loans continued to decline, with more consumers opting for used car loans. New vehicle loan balances fell by 10.42 percent in 2010, while used car loan balances increased by 7.16 percent, continuing a trend from 2009.
- First mortgage balances increased by 9.89 percent in 2010.

Don't Become a Target

Helping members avoid becoming victims of fraud and scams is an important role for credit unions. In 2010, over 25 credit unions representing nearly 570,000 members partnered with the Consumer Federation of America, the Georgia Bankers Association, and the Georgia Governor's Office of Consumer Affairs to advise Georgia residents about the prevalence of fake check scams and how to avoid becoming a victim. The average loss to victims of these scams is about \$3,000, and by the time victims discover the fraud, the perpetrators are long gone. Through online and offline resources, media outreach, and in-person contact, credit unions notified consumers about these scams and helped them become more informed.



GEORGIA CREDIT UNION

Affiliates

www.georgiacreditunions.org