

Alternative Currents

Winter 2008

A publication for Alternatives Federal Credit Union members

125 N. Fulton St., Ithaca, NY 14850 • 607-273-4611

Where Others Fall Short, Alternatives Thrives – A Message from the CEO

As other financial institutions assure a jittery public that they're in good shape because they don't deal in "sub-prime" lending to those with less than perfect credit, Alternatives is proud to say that in a world where others have failed, we have succeeded in providing affordable services to low and moderate income people. The troubles of national banks highlight the need for local options like Alternatives.

Without a doubt, the failure of sub-prime lending and the resulting economic turmoil stands as one of the most significant developments of 2008. However, we beg to differ with those that have blamed lending to underserved borrowers as the cause of the problem. In our view, this only serves to distract attention from the real failures of regulation, oversight and corporate social responsibility. Increasing affordable financing options to underserved consumers is a solution, not a problem.

Alternatives needs to operate profitably to keep our cooperative strong. However, our organizational values steer us away from the profit-maximizing tactics that undermined others. In 2008, our volume of new home loans, auto loans, and small business loans have all doubled from the previous year. At the same time, we have maintained our credit standards, and the number of loans making late payments has been cut in half. In a recent conversation one of our vendors marveled at our ability to identify borrowers who may not have the highest credit scores, but whose credit ratings were going up. This is not an accident, but rather the result of the dedication of our staff to not only offer high quality and affordable services, but also provide the education and information necessary to use our products successfully.

The juxtaposition of our success with the massive failures of other banks demonstrates the potential for Community Development Financial Institutions (CDFIs) like ours to make a substantial difference in solving local economic problems. The Federal Government has made an unprecedented effort to provide hundreds of billions of dollars in assistance to struggling financial institutions. Meanwhile, the CDFI Fund – the Treasury Department's program to

assist small, neighborhood lenders like Alternatives – remains chronically under-funded, with only \$54 million appropriated for awards in 2008. Alternatives received no assistance from the CDFI fund this year.

Investments in a CDFI provide a clear economic benefit to a community, creating a stimulus through prudent lending to consumers and small businesses. While the Treasury may not choose to use us as a vessel to leverage public resources for economic growth, one benefit of our model is that it's not dependent on government aid. Every individual can play a role in creating a stable and sustainable community simply by banking with and borrowing from Alternatives! Your support enables Alternatives to offer products and information that help members follow our Credit Path to a more prosperous future. There is a significant and growing need for free tax preparation, free credit counseling, Individual Development Accounts with matched savings, and technical assistance for new businesses. The more you bank with Alternatives, the more we can work for our community. We appreciate your business and are thankful for the opportunity to serve you. On behalf of our Board and Staff, we wish you a happy and successful New Year.

– Tristram Coffin, CEO

Why We Ask for Identification

When you are making a deposit in the Credit Union or by Drive-Thru, we ask for the last four digits of your Social Security number as identification. This is for your own security – so we don't give your account information and balance to the wrong person. If you are uncomfortable speaking those numbers aloud to the teller, you can either write it down, or set up a password for any in-lobby or phone transaction. You may know you've been a member for many years, but our Member Service Reps may be new and see thousands of different members.

We appreciate your understanding and support.

Start a Savers Club Now!

Do you want a way to plan for 2009 expenditures? Whether it's a big ticket item like a new car, planning for a vacation, or just some "mad cash" to put away for a rainy day, then Alternatives Savers Club is for you.

- The Savers Club lets you open a Certificate with a minimum balance of \$100.
- The Savers Club matures in 12 months.
- During the life of Savers Club, you can deposit as much money as you want, as often as you like.
- You may arrange automatic transfers into your Savers Club from your checking/share draft account.
- Dividends are paid at Certificate rates – visit www.alternatives.org/rates_current.html for more info.
- If an emergency arises, you can withdraw the money with no penalty to principal.

If you're saving for a down payment, the Homebuyers Club Account works the same as a Savers Club with an added benefit: you may withdraw the money plus interest at any time if you are using it for a down payment on a home.

An Alternatives Savers Club can be opened any time of the year, but why wait? Come in today and start your money growing.

UPCOMING HOLIDAY CLOSINGS

Monday, January 19, for Martin Luther King Jr. Day
Monday, February 16, for Presidents' Day

New Credit Card Laws

Good news – there are new credit card laws going into effect on July 1, 2010, that will protect the consumer and undo some previous unfair practices. These new laws restrict banks from structuring credit card terms in ways that take advantage of people, such as rate changes, two-cycle billing, and applying payments to the lowest rate balances. Alternatives doesn't need to make changes, as we have never had such terms.

Previous unfair practices included:

- Providing insufficient time for consumers to make payments;
- Failing to provide reasonable allocation of payments among balances with different interest rates;
- Applying increases in annual percentage rates to pre-existing balances;
- Calculating finance charges using double-cycle billing, which computes finance charges using the average daily balance from the last two billing cycles rather than only the most recent billing cycle; and
- Requiring excessive security deposits and account-opening fees for the issuance or availability of credit.
- Providing insufficient notice for account term changes. Under the new law, at least 45 days notice is required before any changes are made to the interest rate of an account, including a higher penalty rate for missing payments or paying bills late.

STAFF NEWS

Farewell Ron! We'll Miss You.

After almost 13 years and many positions with Alternatives, Ron Campbell is sadly leaving us. Ron started as a Member Service Representative in 1996, and then started working part-time as a mortgage clerk. From there, it was Assistant Member Service Manager, then Member Service Manager. Ron eventually moved into Data Processing, and in 2005, he was promoted once again to Collections Manager.

Ron blessed us all with his infectious laughter on a daily basis, and was responsible for many morale-boosting events like Secret Santa and Halloween costume contests and raffles. His flair for decorating made his office a must see for all visitors! We're grateful for his long-term dedication to Alternatives; he will be missed by us all.

Recent Promotions

Courtney Lawrence started at Alternatives in August 2007 as our Receptionist, and was quickly promoted to Member Service Specialist. She's been promoted just recently to Collections Manager. Congratulations, Courtney!



One of Ron Campbell's many fantastic Halloween costumes



10 Years – Business CENTS and IDAs

Two of Alternatives Federal Credit Union's most innovative and popular programs celebrate ten years of serving our community: Business CENTS and Individual Development Accounts (IDAs). These two programs have assisted hundreds of people in building assets and achieving their dreams.



Business CENTS

Business CENTS (Community Enterprise Networking and Training Services) is a small business development program that offers "how to" business training courses, seminars, one-on-one business counseling and marketing support for people interested in starting or expanding a business. In 1995, the City of Ithaca started this program (then called Community Enterprise Opportunities, or "CEO"), with Alternatives taking it over in 1998 and renaming it Business CENTS. Since 1998, over 750 individuals have attended Business CENTS' popular training course "Getting Down to Business."

In the last 10 years, Business CENTS has blossomed into a go-to place for local people with dreams of starting their own business to learn, network – and for many participants – see their dreams realized. Sarah Steinkamp, owner of Fancy Free Free-Range Eggs, says: "I feel like for the first time everyone I know is rooting for me to succeed. Everyone I talk to at the Credit Union is gung-ho about what I am doing. I have used other financial institutions and no one there offered to be a cheerleader for me, help me figure out the financing, and coach me through the first year. Thankfully there is Alternatives." Steinkamp is both a CENTS and IDA participant. Adds Stacey Mojo of Recycled Threads: "The CENTS classes helped me take baby steps instead of my usual 'leap' into something. I had a wonderful experience in the program, and the CENTS director helped to solidify my business plan."

Individual Development Accounts

Individual Development Accounts (IDAs) are special savings accounts designed to assist low-income people on their path toward asset ownership through matched savings and financial education. IDAs reward the monthly savings of people who are trying to buy their first home, pay for college or start/expand a small business.

Since 1998, Alternatives has partnered with local organizations (Challenge Industries, Tompkins Community Action and Department of Social Services), as well as with NYSERDA (New York Energy Research

and Development Authority) to offer IDAs for low-income people saving for energy efficient repairs and appliances.

Recently, Alternatives was awarded a grant from the federal Assets for Independence program that allows us to offer IDAs to more people. For every \$1,000 the IDA participant saves in this program, Alternatives matches that with \$2,000 of federal and private funds. The First Home Club IDA was recently changed from 3:1 to 4:1 – members with \$1,875 in savings can now receive up to \$7,500 in matching funds.

IDA participant Rima Shamieh used her savings for graduate school: "My IDA experience was just incredible. After accruing thousands of dollars in debt from student loans from when I was an undergraduate, I was determined to do all I could to stay out of debt for when I continued my education. The IDA really helped. I feel so much better prepared to build equity and save for my future."

...And We Had a Party To Celebrate the Anniversary!

Past and present IDA and Business CENTS participants gathered for a celebration at Alternatives on November 13. Business CENTS participants provided the food, such as Leslie Muhlhahn from Just Desserts, Marlo Capoccia from Garden Gate Delivery, and Joanna Saccucci-Bryan from Blue Wave Pastry. A wine tasting was provided by Six Mile Creek Vineyard. A great time was had by all!



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Volunteering in the Community

Carol Chernikoff, Chief Lending Officer of Alternatives, actively volunteers with many local charities. One of these charities is Love Knows No Bounds, an organization that is instrumental in rebuilding the 7th Ward of New Orleans after Hurricane Katrina.

Love Knows No Bounds is currently working jointly with the Reform Temple of Ithaca in a special project to rebuild Pastor Jerry Darby and his wife Norma's home in the 7th Ward. The house is currently gutted, and some wiring is completed. However, there is much work to do.

Volunteers are needed to work on the house, with one-week trips to New Orleans happening between January and May, 2009. For more info on volunteering, please visit LKNB's website, www.renew-orleans.org.

Another great donation opportunity is by purchasing a \$50 raffle ticket, where winning prizes are one-week vacations in the Caribbean, Florida, or in a lovely cottage right here on Cayuga Lake. To purchase a ticket, visit www.tikkunvor.org, or contact Carol here at Alternatives (Carol@alternatives.org).

Price Increase FYI

Our check manufacturer has alerted us that they are raising their prices in April 2009. Instead of writing a check, why not try using your Alternatives VISA Debit Card instead? More and more places accept debit/credit payments, and it's easy to track your purchases online via our online banking system, CU@Home. Saving paper is another added benefit! When swiping your card, if you have a choice, select "credit" instead of "debit," as you won't have to enter your PIN.



RoundOff

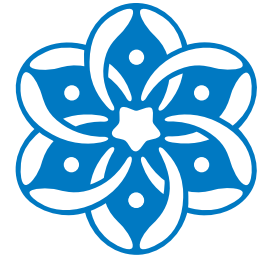
In December, Alternatives featured the **Ithaca Health Alliance**, whose mission is to facilitate access to health care for all, with a focus on the needs of the uninsured. In January, the RoundOff participant is the **Southside Community Center**. Since its incorporation in 1934, the SCC continues to affirm, empower and foster the development of self pride among the African-American citizens of greater Ithaca.

Are you a non-profit member of Alternatives? Help inspire our members to connect with your mission by participating in the RoundOff program. Contact Suzanne: suzanne@alternatives.org / 216-3454.

Art Gallery

In December, **Crystal Cochell's** art was featured on our lobby walls. In January, Alternatives' Tax Program Coordinator, **Brian Kunk-Czaplicki**, will be displaying his photography – just in time for the start of tax season!

Are you one of our artistic members? Enjoy the free publicity by displaying your art in Alternatives lobby! Contact Suzanne: suzanne@alternatives.org / 216-3454.



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