LINKING LENDERS AND COMMUNITIES

FALL 2009

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GO! Network

Corporate, Nonprofit Worlds Join Forces To Help Unemployed Professionals

By Eileen Wolfington

The impact of the economic crisis on communities and on the lives of those who have lost their jobs is one of the largest and fastest-growing issues facing Americans. The times warrant boldness, innovation and grassroots solutions, all of which describe GO! Network. This new program is helping hundreds of professionals in the St. Louis region deal with the difficult problems presented by unemployment.

"There is not one person, company or agency to blame for why we are in this situation. We have all contributed to where we are, and it is going to take all of us working together to move forward," said Chuck Aranda, director of Celtic Creative and GO! Network.

GO! Network participants exchange resumes and business cards with 28 local employers after a series of weekly seminars were held to prepare them for a career fair.

Celtic Creative, a social enterprise of the St. Patrick Center (the largest provider of homeless services in Missouri), in partnership with the United Way of Greater St. Louis, Anheuser-Busch, World Wide Technology, Right Management and Paramount Planning of St. Louis met in January of 2009 to create a resource that would provide growth and opportunities for out-of-work professionals. Aimed at helping those who are caught in career transition, this multifaceted program offers seminars, a speaker series, job fairs, an interactive web site and entrepreneurial opportunities, to name a few.

Almost 200 people attended GO! Network's first event, and about 170 people attend each weekly event. The network has a database of more than 1,700 active members, of whom 46 percent are women and 54 percent are men, representing 30 industries and 20 job roles. The network is comprised of unemployed members and representatives of corporations, academia, government agencies, the health care industry and nonprofits, all working together.

Like most innovative community programs, GO! Network has volunteer opportunities where individuals can

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SAVE THE DATE

Recessions Hurt Some More Than Others

The current recession has had dire effects on employment in the United States: A significant number of job losses have been reported for most industries and demographic groups. However, although the overall picture has been bleak, a new report from the Federal Reserve Bank of St. Louis says the bad news has not been distributed evenly across demographic groups.

The Effects of Recessions across Demographic Groups, written by Fed economist Howard J. Wall, looks at the employment experiences of U.S. workers for this recession and others going back to 1972 across a range of demographic categories—sex, marital status, race, age and education.

The report will be the focus of several upcoming presentations on the following dates:

Oct. 29, 2009—Memphis
901-579-4102

Oct. 30, 2009—Memphis
901-579-4102

Nov. 4, 2009—St. Louis
314-444-8761

Dec. 3, 2009—Little Rock
501-324-8296

Dec. 10, 2009—Louisville
502-568-9202

> "We believe St. Louis provides a window into the challenges being faced in every major city in the country."
>
> *Chuck Aranda, director*
> *GO! Network*

GO! Network

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share their experience and expertise while helping others in transition. More than 80 volunteer human resources professionals from 38 companies assist members with networking, personal branding, resume writing, interviewing skills and more.

Corporate and university executives and professors also donate their time to deliver keynote presentations on a variety of topics. Motivational speakers such as John Foppe have delivered messages of encouragement and hope. "It has to do with who we are," he said. "It has to do with where we want to go. Most importantly, it has to do with how we're going to get there."

"There's a genuine need to network and not just to network about the next job, but to network in terms of developing connections," said Benjamin Akande, dean of Webster University's School of Business & Technology.

The relationship and trust between GO! Network members and staff have grown. Every week, the group provides feedback via a survey to the peer advisory board on issues that are important to them. One particular survey asked the following five questions:

1. What keeps you up at night?
2. What are the top three issues affecting your family?
3. How are you managing your time off work?
4. What are three words that best describe your emotional health right now?
5. Would you be willing to attend a facilitated presentation on this topic?

Two issues that surfaced were increased stress and family issues. To address the need to maintain a healthy mind, body and spirit during this transition, the network collaborated with a community family health cooperative, several employee assistance program providers and other health care professionals. Wellness sessions are currently being developed.

Being unemployed is not always a bad thing. There are advantages that can emerge from unemployment, such as alternative career paths and entrepreneurship opportunities. The interest generated among nearly 100 participants in a session addressing these two topics resulted in the formation of a committee on entrepreneurship. The committee has created a program that will facilitate entrepreneurship, small business development and ultimately new job creation in the community. Future topics for the entrepreneurship program will include: "Do I Want to be My Own Boss," "Setting a Sound Foundation," "Legal Structure and Intellectual Property Protection," "Fast Trac/Business Plan Review" and "Connecting Idea to Experience."

The knowledge that network members gain about the difficulties of being unemployed may give them insight into what is happening around the United States.

"We believe St. Louis provides a window into the challenges being faced in every major city in the country," Aranda said.

For more information about GO! Network, visit www.gonetworkstl.com or send an e-mail to Aranda at caranda@stpatrickcenter.org.

Eileen Wolfington is a community development specialist at the Federal Reserve Bank of St. Louis.

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PEAK Performance

Association Promotes Expansion of Microenterprises in Kentucky

By Lisa Locke

In the fall of 2006, when the Louisville Branch of the Federal Reserve Bank of St. Louis sponsored a workshop on the industry of microenterprise, no one anticipated the outcome would be the formation of a state microenterprise association (SMA). But that is exactly what happened.

Today, Partners for Entrepreneurial Advancement in Kentucky (PEAK), a nonprofit association, supports economic development across the state of Kentucky through the growth of microenterprise, especially in economically depressed areas.

Small, but (Collectively) Mighty

Microenterprise is defined by the U.S. Small Business Administration as a business with five or fewer employees and less than $35,000 in start-up funds. Typical microenterprises are businesses run by florists, jewelers, hairdressers, plumbers, bakers and carpenters.

Although microenterprises may be small, they comprise the majority of businesses. There are an estimated 24 million microenterprises in the United States, representing almost 87 percent of all businesses. Microenterprises comprise about 20 percent of all private employment and are responsible for creating nearly 900,000 new jobs each year. There are approximately 303,000 microenterprises in Kentucky.

Creating an SMA

The formation of an SMA is not an overnight process. For the dedicated group of volunteers in Kentucky who took on the task, it would be nearly two years after the workshop—June of 2008—before the association was up and running. There were nine organizations involved.

In the beginning, when they were exploring the possibilities, their first order of business was to identify what was occurring in the state and whether there was an interest in forming an association. A survey conducted in late 2006 indicated that most of those responding felt a statewide association would be beneficial. The primary reasons were that an SMA would provide better access to funding, a unified voice for public policy, training for microenterprise service providers, an extension of microloan programs to underserved areas of the state, and an opportunity for practitioners to share best practices and network.

PEAK
"Reaching higher, as one"
Partners for Entrepreneurial Advancement in Kentucky

Learning from Others

After the survey was completed and tabulated, strategic planning began. The group heard from representatives of SMAs in Alabama and Ohio about the benefits and challenges. Catherine Marshall, former CEO of the California association and microenterprise consultant, was instrumental in helping the group set goals, objectives, action plans and timelines.

The group was also fortunate to be invited to participate in a CFED six-month, pilot program for SMAs on capacity building. The program offered a comprehensive package of training and technical assistance for emerging and existing associations.

Benefits of an SMA

What is the purpose of a state microenterprise association? What are the benefits of joining an association? What services can an association provide? The benefits of member-

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PEAK Performance

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ship in PEAK include:

- educational training, best practices and networking among peers,
- an annual conference focusing on strategies to expand microenterprise,
- access to an online calendar to learn about upcoming events,
- access to resources,
- opportunities to provide input into PEAK's strategic direction, and
- opportunities to advocate on behalf of and act as a unified voice for microenterprise development.

PEAK's current membership includes microenterprise service providers, government agencies, entrepreneurs, academics and business leaders.

Jerry Rickett, president and CEO of Kentucky Highlands Investment Corp., said his organization joined PEAK because it gives them a chance to connect with other microenterprise development agencies. "It's a great opportunity to help entrepreneurism thrive throughout the state of Kentucky," Rickett said.

PEAK sponsored its first conference this past June. More than 70 attendees gathered to learn about trends and challenges in microenterprise development from local, state and national perspectives. Keynote speakers included Jody Raskind of the specialty lenders division of USDA Rural Development, Jason Friedman of Friedman Associates and Donna Salyers of Fabulous Furs. Feedback from attendees on what was most beneficial about the conference included networking, roundtable discussions, meeting micro lenders, and discussing industry problems and solutions.

For additional information about PEAK, visit www.peakky.org.

The following organizations worked together to form PEAK:

- Kentucky Cabinet for Economic Development
- Federal Reserve Bank of St. Louis, Louisville Branch
- Kentucky District Office of the U.S. Small Business Administration
- Kentucky Small Business Development Center
- Mountain Association for Community Economic Development (MACED)
- Community Ventures Corp.
- Kentucky Highlands Investment Corp.
- Commerce Lexington and
- Jewish Family and Vocational Service of Louisville.

Lisa Locke is a community development specialist at the Louisville Branch of the Federal Reserve Bank of St. Louis.

Fannie Mae Offers CRA-Targeted Investments

Fannie Mae has a CRA-Targeted Mortgage Backed Security (MBS) tailored specifically for depositories and other investors in community development.

Highlights of the CRA-Targeted MBS include:

- It is fully customized to a bank's specifications. Fannie Mae does not issue the MBS until the bank places an order to trade, specifying the assessment areas, the size of the investment and negotiated pricing.
- Up to 100 percent of the loans backing each MBS pool can be made to borrowers with incomes below 80 percent of the area median income.
- A geographic distribution of the loans can be defined to meet the bank's specific CRA assessment area needs.
- The CRA-Targeted MBS carries a guarantee of timely payment of principal and interest, like all Fannie Mae MBS, and is not subject to resale restrictions. The CRA-Targeted MBS will be issued under Fannie Mae's standard security prefixes.

Banks around the country have found the CRA-Targeted MBS product especially useful in meeting their CRA investments needs in assessment areas in which there are few other investment opportunities, a Fannie Mae spokesman said.

For more information, contact Mary Beth Preuss at 1-800-752-0257.

The Changing Role of Community Colleges

By Natalia Kolesnikova

Community colleges play a significant role in U.S. higher education. They enroll almost half of all U.S. undergraduate students and are essential for work force training and retraining. Earlier this year, President Barack Obama announced the American Graduation Initiative, a 10-year, $12 billion plan to invest in community colleges, which underscores the importance of the community college system for the American economy. As more people turn to community colleges for their educational needs during the current economic downturn, it is important to have an informative picture of community college students, their goals, educational choices and outcomes.

A recent Federal Reserve Bank of St. Louis Community Development research report compares community colleges to traditional, four-year colleges—the advantages, the types of students, the economic returns and the students' educational objectives.[1] The report also examines whether a community college education affects a person's chances of obtaining a more advanced degree and whether students who receive an associate degree before obtaining a bachelor's degree have different educational and labor market outcomes than their counterparts who do not have an associate degree.

Students relax in the plaza on the Forest Park campus of St. Louis Community College.

Advantages of Community Colleges

Compared to a traditional four-year college, a community college has several important advantages for students: an open admission policy, making it easier to enroll regardless of their prior academic record; lower tuition and fees; savings on room and board; and a more flexible curriculum and class schedule.

Who Are Community College Students?

The population of community college students is diverse.[2] They are 60 percent white, 15 percent black and 14 percent Hispanic. Forty-one percent are males. In comparison, students attending four-year colleges are more likely to be white (70 percent) and male (45 percent).

Community colleges have more so-called nontraditional students than four-year colleges. Community college students are more likely to be older; and only 31 percent of them are enrolled full time, in part because they are more likely to also be working. Furthermore, 40.8 percent of community college students work full time, compared to 22.8 percent of their four-year college counterparts. More students in community colleges are first-generation college students.

Economic Payoffs

Most studies have found that students who attended community college, but did not complete a degree, earn 9 percent to 13 percent more than those with a high school diploma only.[3] There is also an increase in annual earnings of 5 percent to 8 percent associated with each year of education at a community college. This finding is particularly interesting because it is very similar to the return to a year of schooling in a four-year college.

Other researchers looked at retraining efforts by community colleges for older, high-tenure displaced workers.[4] Researchers found that one year of community college schooling increases the long-term earnings of displaced workers by about 9 percent for men and about 13 percent for women, compared to earnings for similar workers who did not attend community college. While there is a high return to technically oriented and math and science courses (about 14 percent for men and 29 percent for women), less technically oriented courses yield very low and possibly zero returns.

Another way to think about the value of a community college education is to ask how much more a person with an associate degree earns com-

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pared to someone who has only a high school diploma. Previous studies estimated the labor market return to an associate degree is about 16 percent to 27 percent.[5]

There are differences between demographic groups.[6] Women of all races have higher returns to an associate degree than men, mostly because women are more likely to major in nursing and related fields. There is also variation among racial groups in the return to an associate degree. Hourly wages of white men with an associate degree are 20 percent higher than wages of those who stopped their formal education at high school. The returns are much higher for black and Hispanic men—28 percent and 31 percent, respectively.

Also, the return to an associate degree is different across cities in the United States. White men with associate degrees are paid only 4 percent more than white high school graduates in Seattle, but as much as 35 percent more in Miami. For Hispanic men, the return to an associate degree is 17 percent in Washington, D.C., but more than twice as much, 48 percent, in Atlanta. Cross-city differentials for white women are not as big, but they are significant for minority women.

The table shows similar results for four large metropolitan areas in the Federal Reserve Bank of St. Louis' district. White men with an associate degree earn on average 25 percent more in Little Rock, 20 percent more in Louisville, 17 percent more in Memphis and 12 percent more in St. Louis than similar men with only a high school diploma. For black men, returns to an associate degree are 19 percent in Louisville, 25 percent in Memphis and 14 percent in St. Louis. Consistent with the rest of the country, women's returns are higher than men's. For example, black women in St. Louis with an associate degree earn 54 percent more than those with only a high school education.

Labor Market Returns to Associate Degree
(Relative to High School)

	Men		Women	
	White	Black	White	Black
U.S.	0.20	0.28	0.34	0.35
Little Rock	0.25		0.45	
Louisville	0.20	0.19	0.38	0.38
Memphis	0.17	0.25	0.26	0.36
St. Louis	0.12	0.14	0.27	0.54

Note: Author's calculation. Data are from 2000 Public Use Micro Sample (PUMS) of the U.S. Census. Results are missing if data were insufficient because of small sample size. The numbers are percentage increases in wages.

Along Different Paths

Community college students have various educational goals. Although many plan to obtain an associate degree, some students just want to obtain certification in a certain field. Some intend to transfer to a four-year institution without any formal community college credentials.

Critics of community colleges point out that a significant proportion of students complete relatively few college credits. One study calculated that the majority of community college students complete one year or less and 35 percent complete one semester of study or less.[7] The study also showed that less than one-half of community college students complete any degrees.

One view is that easy access to community college sidetracks students from a four-year college. On the other hand, many nontraditional students would not have attended four-year colleges. For them, community colleges provide a chance for a post-secondary education they would not have had otherwise. Some studies argue that, even if attending a community college instead of a four-year college lowers educational attainment for some students, more students have access to higher education.

A study by the U.S. Department of Education found that about 90 percent of students entering community colleges intended to obtain a formal credential or to transfer to a four-year college. The report estimated that between 51 and 63 percent (depending on data used) of these students had fulfilled their expectations within six to eight years after initial enrollment. Overall, about 29 percent of community college students had transferred to four-year colleges.

From a Community College to a Bachelor's Degree

It is important to evaluate how students who do transfer fare compared to their counterparts who started at four-year institutions. A recent study found that the rates of dropping out without a degree are much higher for those who start at community colleges.[8]

For example, community college students were 36 percent less likely to obtain a bachelor's degree than similar students who started at four-year colleges. Even community college students who expressed an intention to obtain a four-year bachelor's degree are significantly less likely to do so within nine years of starting their post-secondary studies.

Only 26 percent of this group achieves their goal. To put it in perspective, 50 percent and 73 percent of those who start at nonselective and selective four-year institutions, respectively, obtain a bachelor's degree.

The negative effect of starting post-secondary education at a community college remained, even after the authors adjusted for selection bias by controlling for students' race, gender, age, ability (ACT scores) and family income. The authors of the study pointed out, however, that it is important to compare the negative effect they found to the difference in costs at two-year versus four-year institutions.

Educational Outcomes

Though many community college students do not go on to receive a bachelor's degree or higher, some do. Among people who have at least a bachelor's degree, 17 percent report having received an associate degree. People with an associate degree were significantly more likely to attend less selective (and perhaps less expensive) institutions for their bachelor's studies. Students with an associate degree are also more likely to be enrolled in public colleges than those who do not have an associate degree and less likely to attend private colleges. People with an associate degree are less likely to major in sciences and engineering and are more likely to major in health, technology and management than their counterparts.

About 70 percent of those with both a bachelor's degree and an associate degree do not continue their education beyond their first bachelor's degree. This compares to less than 60 percent of their counterparts without an associate degree. Among those who received a master's degree, only 14.3 percent have an associate degree. The proportion of people with an associate degree is even smaller among those with a doctorate or professional degree (5.8 and 9.5 percent, respectively).

Labor Market Outcomes

Regardless of the highest degree, people who started their post-secondary education with an associate degree earn less on average than those who started at a four-year college. The difference is particularly large for those who have a doctorate or a professional degree.

Careful statistical analysis shows that college graduates with a prior associate degree earn $2,426 less a year than those who do not have an associate degree. The earnings gap is smaller for bachelor's and master's degree holders ($2,269 and $2,117, respectively) and larger for people with doctorates and professional degrees ($6,884 and $7,768, respectively).

One could argue that community college students are more likely to have attended poor performance schools and fallen so far behind even before entering the post-secondary education system that this disadvantage affects their educational and labor market outcomes. Community colleges play an important role in serving disadvantaged populations. However, it is not reasonable to expect that they alone will be able to overturn apparent long-lasting cultural and educational negative effects that students from low-income families face.

Concluding Remarks

Attending a community college—even without completing a degree—results in economic payoffs and better job opportunities. Community colleges offer an opportunity to receive a post-secondary education to many students who would not have attended college otherwise.

There is a need to re-examine what is the best measure of community colleges' performance. Given their changed purpose and higher emphasis on terminal certificate programs and work-force training, transfer rates to four-year colleges are not an adequate evaluation tool anymore.

Natalia Kolesnikova is an economist in the Research Division of the Federal Reserve Bank of St. Louis.

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SPANNING THE REGION

The region served by the Federal Reserve Bank of St. Louis encompasses all of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

St. Louis Group Teaches Online Job-Search Skills

The Partnership for the New Workforce (PNW), a community collaborative in St. Louis, offers free classes to job seekers who are unfamiliar with using computers as a tool in their job search.

Applying for a job online, creating a resume and navigating through job-search links can be challenging for those with little to no computer skills. After a recent job fair, PNW heard from employers that there was a need for job applicants to learn computer skills necessary to complete an online application. PNW also heard from job seekers who said they were frustrated because they lacked computer skills. Many older generation applicants, particularly those in transition after years with the same employer, also indicated that they were not equipped with basic computer skills.

Employers and employment and training service providers within the collaborative came together with a solution. Experienced with targeting the employment and career development needs of clients, the partnership put together 12, three-hour, hands-on training sessions. These computer classes help participants learn how to create an online resume, complete online job applications, upload electronic documents, save and update electronic files, and surf the web to locate job leads.

For more information, call 314-746-0716.

Program Offers Information, Loans to Memphis Entrepreneurs

With its Opportunity Bank, the South Memphis Alliance is doing its part to provide assistance to entrepreneurs in the Memphis area.

Opportunity Bank is a 12-week program that helps entrepreneurs start or develop a business. Participants meet one evening a week for three hours during the 12-week session to learn business fundamentals. Topics include creating a business plan, managing cash flow, business insurance and licenses, and pricing products and services.

Participants who complete the program are eligible to apply for an Opportunity Bank loan. The loans range from $250 to $5,000 with a three-year repayment period and a 5 percent interest rate.

Opportunity Bank targets women of color, although it is also available to men. A registration fee of $100 is required.

The program is sponsored by the Women's Foundation for a Greater Memphis and the City of Memphis, Renaissance Business Center. Three sessions are offered each year. The next one will run from January to March 2010. For more information, contact Christine Telford at 901-774-9582.

New Illinois Law Protects Homeowners

Illinois homeowners who fall behind on their mortgage payments now have additional protection against foreclosure through The Illinois Protection Act.

Under the new law, when homeowners are 30 days late in making a payment, lenders and loan service providers must advise them of their legal rights and cannot proceed with a foreclosure action for 30 days after advising the borrower. If, at any time during that period, the borrower receives housing counseling from a certified counselor, they are given an additional 30 days to work out the loan.

Housing counselors will take the borrower's income and ability to repay into consideration when developing a mortgage workout plan. Workout plans may include temporarily suspending payments, longer loan terms, lower or frozen interest rates, ensuring that the loan will be repaid in full, a principal write down or refinancing a new loan. The law only provides time and resources for the borrower and does not guarantee any particular outcome for the borrower.

To help homeowners take advantage of the new act and to share information about other government programs to help homeowners, the newly established Mortgage Relief Project is holding events statewide. Homeowners will have the opportunity to meet with a free housing counselor and learn how to recognize the signs of mortgage fraud.

For more information on the Homeowner Protection Act, the Mortgage Relief Project, dates of events and a list of certified housing counselors, visit the Illinois Department of Financial and Professional Regulation web site at www.idfpr.com or call 1-800-532-8785.

Charity's Micro Loans Compete with Payday Lenders

By Jean Morisseau-Kuni

Predatory payday lenders who take advantage of the working poor in Southern Illinois have something to worry about themselves: competition from a reputable lender. Those in need of a small loan can now turn to the Society of St. Vincent de Paul of Southern Illinois for help.

The Catholic organization decided to get involved after hearing numerous stories from local residents.

"I get calls daily from people who are in trouble with payday lenders," said Pat Hogrebe, development director at St. Vincent de Paul. "I had a family that took out a payday loan for car repairs and had problems repaying the loan. We got involved a year later and I found that, with all of the penalties and fees, the family had paid over $1,200 and still owed the original $200. Can you imagine paying over $1,200 in interest for a $200 loan?" Hogrebe asked.

After doing some research, Hogrebe said she realized the society needed to provide an alternative lending source. She thought St. Vincent's could raise enough money to create a micro-lending pool, but the organization needed a way to service and administer the loans. Hogrebe approached several financial institutions and found that, even though bankers acknowledged the need for a micro-lending pool and thought it was a good idea, no one wanted to take on the challenge. That was until Hogrebe met with Ken Bossung, president of Catholic and Community Credit Union.

"Since the loans are backed 100 percent by the Society of St. Vincent de Paul, we aren't taking on any risk. This is an easy way that we can use our expertise to help an underserved part of the community," Bossung said.

The credit union disburses the funds, collects the payments and reports loan activity to the credit bureaus, providing another benefit to borrowers who make timely payments: higher credit scores. "These borrowers need to establish a better financial foothold, and helping them raise their credit score will do that," Bossung said.

St. Vincent de Paul and the credit union worked together to set up criteria for the loans, including a 3 percent interest rate that would be reasonable for the borrowers and still help build the fund. They also set up payments that the borrower can afford.

The loans are small, $200 to $500, and can be used for moving expenses, home and auto repairs or paying off a payday lender.

"We ensure that all borrowers are employed and that vehicles requiring repair are properly licensed, insured and are repair worthy prior to lending the funds," Hogrebe said. "There is no need to fix a car that isn't worth the cost of the repair or to lend to someone who can't make payments—that's what the predators do."

©2007 iStock/Eric Hood

Hogrebe said she also realized that many of the people she serves have financial problems because they do not understand basic financial management. For that reason, borrowers must take free budgeting classes offered at the Society of St. Vincent de Paul.

"By helping people learn to budget, we empower them to become independent and hopefully not get involved with predators. It also helps borrowers build self-dignity while we get repaid and empower more people," Hogrebe said.

The partnership provides another benefit to borrowers when they complete the budgeting classes, a $25 savings account at Catholic and Community Credit Union funded by donations to St. Vincent de Paul. "That is $25 well spent," Hogrebe said. "It provides access to financial services that many of these folks have never had and helps them to save. I know that we won't have a 100 percent success rate, but those who do succeed will have tools for a better future."

For more information on this partnership, call Hogrebe at 618-875-3886 or Bossung at 618-233-8073.

Jean Morisseau-Kuni is a community development specialist at the Federal Reserve Bank of St. Louis.

Have you

HEARD

Home Buyers Offered Advance on Tax Credit

First-time home buyers who are eligible for up to $8,000 in tax credits under the American Economic Recovery and Reinvestment Act can apply for a bridge loan or cash advance on the credit. The money can be used for a down payment, closing costs or other loan expenses.

To be eligible for the tax credit and advance, applicants can not have owned a primary residence within three years prior to the purchase, can not have a modified adjusted gross income over $95,000 (single taxpayers) or $170,000 (joint taxpayers), must apply for FHA-insured mortgages, and must purchase the home between Jan. 1, 2009 and Nov. 30, 2009.

Organizations eligible to provide bridge loans are federal, state or local government or nonprofit agencies considered to be instruments of government.

CFED is promoting the credit. Visit their web site at www.cfed.org and click on the "Act" tab and then "Advocacy."

Fed Adjusts Disclosure Trigger

The Federal Reserve Board recently published its annual adjustment of the dollar amount of fees that trigger additional disclosure requirements under the Truth in Lending Act. This applies to home mortgage loans that bear rates or fees above a certain amount.

The dollar amount of the fee-based trigger has been adjusted to $579 for 2010. The adjustment is effective Jan. 1, 2010. This adjustment does not affect the new rules for "higher-priced mortgage loans" adopted by the Board in July 2008. Coverage of mortgage loans under the July 2008 rules is determined using a different rate-based trigger.

Fed Distributes Information on "Protecting Tenants" Act

The Board of Governors of the Federal Reserve System recently asked its Consumer Affairs officers to distribute information to supervised institutions regarding the "Protecting Tenants at Foreclosure Act of 2009," which became effective May 20, 2009.

This new law protects tenants from immediate eviction by individuals or entities that become owners of residential property through the foreclosure process. It also extends additional protections for tenants with Section 8 vouchers.

The law, which expires Dec. 31, 2012, is self-executing: No federal agency has authority to issue regulations implementing the law or to interpret the law. Given the importance of the protections this law provides to tenants, examiners are instructed, as part of consumer compliance examinations, to evaluate an institution's awareness of the law, its efforts to comply and its responsiveness to addressing implementation deficiencies. Examination procedures to be used in connection with consumer compliance examinations can be found at www.federalreserve.gov/boarddocs/caletters/2009/0905/09-05_attachment.pdf .

The purpose of the "Protecting Tenants at Foreclosure Act" is to ensure that tenants facing eviction from a foreclosed property have adequate time to find alternative housing.

Under the law, the immediate successor in interest at foreclosure must: (a) provide bona fide tenants with 90 days notice prior to eviction; and (b) allow bona fide tenants with leases to occupy property until the end of the lease term. (Exception: The lease can be terminated on 90 days notice if the unit is sold to a purchaser who will occupy the property.) The law does not affect any state or local law that provides longer time periods or other additional protections for tenants.

A lease or tenancy is bona fide if the tenant is not the mortgagor or the parent, spouse or child of the mortgagor, the lease or tenancy is the result of an arms-length transaction, and the lease or tenancy requires rent that is not substantially lower than fair market rent or is reduced or subsidized due to a federal, state or local subsidy. The law does not cover tenants facing eviction in a nonforeclosed property, tenants with a fraudulent lease, tenants who enter in lease agreements after a foreclosure sale or homeowners in foreclosure

Resources

5 Tips for Dealing with a Home Equity Line Freeze or Reduction—The new guide from the Federal Reserve explains consumers' rights and lenders' responsibilities when home equity credit lines are reduced or frozen. It also provides information for those wanting to have a credit line reinstated. The guide is the latest in the Fed's "5 Tips" series. The series also includes tips for shopping for a mortgage, avoiding foreclosure, protecting checking accounts, improving credit scores and getting the most from a credit card. English and Spanish versions of the series are available both in print and online at www.federalreserve.gov/consumerinfo/fivetips.htm.

Strategies for Improving Economic Mobility of Workers —Based on a conference cosponsored by the W.E. Upjohn Institute and the Federal Reserve Bank of Chicago, this new book provides provocative assessments from various contributors of the effectiveness of policies designed to help disadvantaged people overcome obstacles in their path to upward economic mobility. To order, go to www.upjohninstitute.org/index.htm.

CALENDAR

OCTOBER

9

Kentucky Hispanic and Immigrant Networking Summit—Shelbyville, Ky.
Cosponsors: Lexington Fair Housing Council, Kentucky Department of Education
502-595-4024, ext. 47

13-17

Sustaining the Future in Harmony with Our Past—Nashville, Tenn.
Sponsor: National Trust for Historic Preservation
866-988-1188
www.preservationnation.org/conference

18-19

Missouri Community Betterment Conference—Jefferson City, Mo.
Sponsor: Missouri Community Betterment Society
www.mocommunitybetterment.com

19-20

Governor's Housing Summit—Nashville, Tenn.
Sponsor: Tennessee Housing and Development Agency
615-815-2185

22

Arkansas Community Development Society Conference—Conway, Ark.
Sponsor: Arkansas Community Development Society
501-324-8240

27-30

The New Normal—Charlotte, N.C.
Sponsor: Opportunity Finance Network
www.opportunityfinance.net

28-29

Kentucky Affordable Housing Conference—Lexington, Ky.
Sponsor: Kentucky Housing Corp.
502-564-7630, ext. 490
www.kyhousing.org

28-30

MEDC Fall Conference—Columbia, Mo.
Sponsor: Missouri Economic Development Council
573-636-7383
www.showme.org

29

CFED Innovation Summit—Washington, D.C.
Sponsor: CFED
http://innovation.cfed.org

NOVEMBER

2-3

Family Economic Security Conference and Poverty Simulation—Little Rock, Ark.
Sponsor: Federal Reserve Bank of St. Louis
501-324-8296
www.stlouisfed.org/community_development

4-5

NCIF Annual Development Banking Conference—Chicago
Sponsor: National Community Investment Fund
312-881-5817
www.ncif.org

5

Asset Building: Pathways to Family Economic Stability—Memphis, Tenn.
Sponsors: Federal Reserve Bank of St. Louis, Federal Reserve Bank of Atlanta, United Way of the Mid-South and the Center for Community Building and Neighborhood Action at the University of Memphis
901-579-4102
www.stlouisfed.org/community_development

6

Rural Development Forum—Moberly, Mo.
Sponsor: Federal Reserve Bank of St. Louis
314-444-8891
www.stlouisfed.org/community_development

12

Strategies for Serving the Unbanked: Finding Opportunities in Untapped Markets—Memphis, Tenn.
Sponsor: Federal Reserve Bank of St. Louis
901-579-4102
www.stlouisfed.org/community_development

12

Stabilizing Neighborhoods through Alternatives to Homeownership—Little Rock, Ark.
Sponsor: Federal Reserve Bank of St. Louis
501-324-8268
www.stlouisfed.org/community_development

16-18

Brownfields Conference—New Orleans
Sponsor: Environmental Protection Agency
1-877-343-5374
www.brownfieldsconference.org

DECEMBER

7-11

NeighborWorks Training Institute—Washington, D.C.
Sponsor: NeighborWorks
www.nw.org/network/training/training.asp

8

CRA 101—Little Rock, Ark.
Sponsor: Federal Reserve Bank of St. Louis
501-324-8268
www.stlouisfed.org/community_development

BRIDGES

Bridges is a publication of the Community Development Office of the Federal Reserve Bank of St. Louis. It is intended to inform bankers, community development organizations, representatives of state and local government agencies and others in the Eighth District about current issues and initiatives in community and economic development. The Eighth District includes the state of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

Glenda Wilson
Assistant Vice President and Managing Editor
314-444-8317

Yvonne Sparks
Senior Manager
314-444-8650

Linda Fischer
Editor
314-444-8979

Community Development staff

St. Louis: Matthew Ashby 314-444-8891; Jean Morisseau-Kuni 314-444-8646; Eileen Wolfington 314-444-8308

Memphis: Kathy Moore Cowan 901-579-4103; Teresa Cheeks Wilson 901-579-4101

Little Rock: Lyn Haralson 501-324-8240; Amy Simpkins 501-324-8268

Louisville: Lisa Locke 502-568-9292; Faith Weekly 502-568-9216

Free subscriptions and additional copies are available by calling 314-444-8761 or by e-mail to communitydevelopment@stls.frb.org.

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University Honors Fed's Little Rock Branch

The Community Development Institute at the University of Central Arkansas (UCA) presented the Little Rock Branch of the Federal Reserve Bank of St. Louis with its "Friend of Community Development Award," in tribute and gratitude for the Branch's support of UCA's Community and Economic Development Programs. The award was presented during the university's 22nd Annual Community Development Institute Central on Aug. 7, 2009.

From left: Kelly Lyon, executive director of the Community Development Institute at UCA, presents the "Friend of Community Development" award to the Little Rock Branch's community development specialists, Amy Simpkins and Lyn Haralson, and Senior Branch Executive Robert Hopkins.

"The Federal Reserve Bank of St. Louis is dedicated to improving access to high-quality information, education and resources that promote best practices and innovation in the field of community development," said Robert Hopkins, senior branch executive. "We are proud of our collaboration with the Community Development Institute, and the Little Rock Branch is honored to be the recipient of the 2009 'Friend of Community Development Award.' "

The Federal Reserve has an objective of providing information and technical assistance to communities that historically have not functioned well. On a local level, the Little Rock Branch of the Federal Reserve Bank of St. Louis participates in local and regional collaborative initiatives with community organizations, government agencies and financial institutions to address issues surrounding community development finance, asset building, and neighborhood stabilization and revitalization.

Throughout the state of Arkansas, the Little Rock Branch has stressed the importance of the Earned Income Tax Credit and individual development accounts, promoted innovative financing tools to support small business and entrepreneurship, and co-hosted the "The Ripple Effect" meeting with the Community Development Institute to respond to the foreclosure crisis and tightening credit and capital markets.