



# Microloan Musings

A PUBLICATION OF THE SVDP COLUMBUS MICROLOAN PROGRAM



## Microloan Borrower Shares her Success

BY: LINDA PELINO

**What do dependable people do when one of their own is in a crisis?** If you ask (fictitious name) Anne, she would say, "whatever it takes". The following interview portrays the impact of microloans, a systemic change program of The Society of Saint Vincent de Paul in the Diocese of Columbus, Ohio. Loans are provided for one-time expenses to individuals who can pay back the loans. For more information, please visit [https://www.svdpcolumbus.org/microloan\\_mission](https://www.svdpcolumbus.org/microloan_mission). Microloans can help to pay off high-interest loans, as is the case in Anne's story.

### Consider Microloans as an effective alternative to high interest Payday loans

*(Linda)* **How did you hear about the Microloan Program?**

*(Anne)* I came across an article about a military vet who received a microloan, and it saved him from losing his apartment. I went to the website and sent an email. I was surprised when a mentor for the program responded right away, and she was so kind. Carol explained the process and asked to set up a time to assess my situation.

*(Linda)* **What was the initial meeting like?**

*(Anne)* Carol was so kind that I was not even embarrassed. She never judged me. When Carol was given the green light to go forward, we gathered

information for the loan application. Even then I thought to myself, "They are not going to help me because there are people who need it more than I do."

*(Linda)* **What was it like sharing financial information with someone you had only recently met?**

*(Anne)* I felt like she really understood me. I told Carol my family situation, and I cannot praise her enough. My son's struggle with substance abuse led to medical treatments and other expenses relating to his child. All this happens while I am working full time and taking care of my mother. I tried to take care of things, especially for the child, and I got further behind. In desperation, I went to a CashMax and borrowed \$1,000.

**Every two weeks when I went to CashMax to pay on the loan, they were taking out a new loan of \$1,000.**

*(Linda)* **How much was your CashMax payment and how did that loan work?**

*(Anne)* CashMax is eager to loan to you, but they scroll through their forms, asking you to sign in multiple places. I paid CashMax approximately \$150 every two weeks, or \$300 per month. After several months I asked how much more I owed, and that is when I learned that I still owed \$1,000. I asked for a copy of the papers I had signed and realized that I was paying over 400% interest.  
*(Continued on page 3.)*

# Mentoring with Heart

BY LINDA PELINO

Donors are the lifeblood of the Microloan program, and financial mentors are the heartbeat. Jim Jackson, one of the first mentors and county board members, tells how microloan recipients can benefit from the program and how he himself benefits as a financial mentor.

*(Linda)* **Jim, what was your motive for becoming a microloan financial mentor and county board member?**

*(Jim)* I was attracted to helping people in a bigger way through mentorship and a "hand up" (versus direct assistance). Through a successful Microloan experience, credit scores for the people we serve can improve, and they can grow to be more successful and independent.

**More than 50% of SVDP Microloan Borrowers experience increased credit scores in one county.**



For instance, a middle-class woman, who was already working two jobs, needed a car repair.

A man acquired a predatory loan at about 600% interest to pay for gifts for his grandchildren. He requested frequent mentorship from us to acquire better life skills. He said the loan changed his life, because no one had ever believed in him.

Another woman received a microloan for a car repair. During her repayment her son died, and mentorship was sometimes simply a friendly interaction for her. She repaid her loan and is actively repaying a second loan.

A skilled worker with a visible medical need was getting passed up for promotions. A microloan paid for the remedy, and we hope he received the next job promotion.

*(Linda)* **Has your county closed many loans?**

*(Jim)* Over the last three years we have closed about one loan per month. So far, about 90% of the funds come back and are recycled for future loans.

*(Linda)* **What improvements would you suggest for the future?**

*(Jim)* The use of the improved Form 2 uncovers information related to defaults. It would be great if we had more Vincentians who were comfortable performing the Form 2 interview. We send email and snail mail reminders if a loan payment is late.

Financial mentorship could be organized to effectively mentor their needs. Frequently, we serve people who go from one crisis to another. Other times there is simply a short term cash flow problem, and the people do not need financial mentors.

*(Linda)* **How do you see the microloan program fulfill the Vincentian mission?**

*(Jim)* The spirituality of Vincentians advances by serving the poor. Mentoring gives you a softer heart. Missed payments bother me less than before. I used to take it more as a personal failure. Missed payments are going to occur in the population that we serve.

I see that people generally want to do good. Microloans are inherently good. They seem almost "too good to be true" in today's tough reality. Treating people with dignity is not just about giving them money. Microloans give them a bank experience that some people have never had.

**"The Federal Reserve says 40% of U.S. adults cannot handle an unexpected \$400 expense without borrowing money or selling possessions."(1)**

(1) <https://magazine.pewtrusts.org/en/archive/spring-2019/how-ohio-brought-fairness-to-payday-loans>

# Favorite Financial Tools

BY: DEB ZABLOUDIL

Sometimes it's difficult to sit down and talk to a person about how to improve their budgeting skills. Most of our borrowers can make it month-to-month paying their regular bills and are actually quite good at basic money management. What some of our mentors have found is that talking about cash flow for monthly bills is really an eye-opener. When does income come in? When are bills due? What can I do to even this out a little better? Can the due date of some bills be changed to maximize cash flow? Using this tool allows both of you to look at budgeting in a new light.

## Expanding to Help More People



The Microloan program is spreading throughout our Diocese. We are currently located in Coshocton, Delaware, Fairfield, Franklin, Knox, Licking and Ross Counties. By fall, we plan to be in Hardin County.

**Join us at our next Financial Mentor Training**

**September 21, 2019**

**For more information:**

**[http://svdpcolumbus.org/mentor\\_training](http://svdpcolumbus.org/mentor_training)**

## Looking for Conversation Starters?

BY: DEB ZABLOUDIL

Do you need a conversation starter? Here are some ideas you might find helpful. Be sure you are willing to share some of your own thoughts and experiences. Think about what you are willing to share ahead of time, so you can add that to your tool kit! What lessons did you learn about money from your parents? What makes you the happiest? What do you think about when you hear the word money? What were the most important things in your life when you were a kid? And, of course, checking in on someone's family is always important. It shows you care about them!



## Borrower Shares Success

*Continued from page 1*

(Anne) I asked for a copy of the papers I had signed and realized that I was paying over 400% interest on the loan. Every two weeks when I went to Cash Max to pay on the loan, they were taking out a new loan of \$1,000. I was never going to be able to pay it off unless I paid the entire \$1,000. Every two weeks when I paid the debt, I felt defeated.

When Carol came back with approval for the microloan, I was stunned. She prepared me for the meeting with the credit union and set up the meeting. Carol and her husband went with me to the credit union and sat with me the whole time to meet with their representative, to make sure everything was in place. I knew she had my back.

(Linda) **Tell us about your experience at the credit union.**

(Anne) It was so easy. It took about 20 minutes. They had all my paperwork in place, and they gave me a choice of how I wanted to repay the loan. I felt like a customer of the credit union. No one judged me there either. There was a lot of respect. Carol went with me to CashMax to make the payment. Instead of defeat, I felt like I had victory.

(Linda) **How did the Microloan impact your life?**

(Anne) My loan payment is \$98 per month instead of \$300. That is a big difference. I am able to try to save a little and pay off other bills that I have. It was so emotionally draining before when you cannot provide for the people you love and make it through the month. Now there is a light at the end of the tunnel.

(Linda) **Would you borrow from Microloan Program again if you needed to?**

(Anne) Yes. It is a normal loan, and my credit will be improved from this microloan. CashMax is robbing people and does not improve credit. I can take better care of my family. Here is what I love about the program. My loan payments will be used to help someone else who is struggling. That meant a lot to me, that I am helping someone else. It is hard to reach out for help, but now I feel like I am succeeding.





## How Can You Help?

**BY DEB ZABLOUDIL**

The SVdP Microloan program is always in need of people who want to help out as financial mentors. It's taken a while to get the program off the ground in some counties so we do have a few mentors who haven't been called upon, but are also seeing a significant increase in people calling on us for loans. If you can help out as a mentor, please contact Deb Zabloudil at [debzabloudil@gmail.com](mailto:debzabloudil@gmail.com). Our next mentor training is scheduled for September 21, 2019. We will begin at 9:00 a.m. and end at 3:30 p.m. Join us at St. Elizabeth Church, 6077 Sharon Woods Blvd. in Columbus. For more information, see our web site at [http://svdpcolumbus.org/mentor\\_training](http://svdpcolumbus.org/mentor_training).

If you are a member of St. Vincent de Paul and would like to be a member of a County Microloan Board (the people who make decisions about who gets loans), we can use your help, too. Now that the program has been operational in our counties for over a year, board members are starting to rotate off and need replacing. Our County Boards are really pivotal to helping us grow and improve the program.

And of course, if you would like to donate money to help us maintain the program, we would be grateful. Not only does our money go for loans, but it also goes to pay the membership fees for our borrowers at our partner credit unions, for mentor training supplies, and to help replenish the interest repayment that we make to our successful borrowers. Your money also helps us expand the program in other counties of our Diocese. Your support is key to us being able to maintain the program and we are grateful to everyone who has supported us by volunteering or with monetary donations.

Thank you to all of you who donate your time or your money to our program!

### Contact Us

#### WEBSITE

[https://www.svdpcolumbus.org/microloan\\_mission](https://www.svdpcolumbus.org/microloan_mission)

#### PHONE

For a list of contact information for each county see:  
[https://www.svdpcolumbus.org/contact\\_info](https://www.svdpcolumbus.org/contact_info)  
Main number: 614-377-1065

#### EMAIL ADDRESS

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## Key to Program Success: *Excellent* Credit Union Partners

