



Microloan Musings

A PUBLICATION OF THE SVDP COLUMBUS MICROLOAN PROGRAM

Financial Mentors and Relationships

The microloan segment of The Society of Saint Vincent de Paul Columbus marks its third year in 2020. Trained financial mentors impact the livelihoods of individuals who otherwise could not obtain loans. One such financial mentor, Carol Dove, recounts her experiences.

Carol, what motivated you to become a financial mentor?

I was attracted to the concept of assisting individuals who would benefit from a loan program. By participating in the program, individuals would avoid excessive interest rates from predatory loans and improve their credit rating while providing them with financial mentorship.

In performing home visits, I saw a number of individuals that needed monies to fix their cars, pay off predatory loans and other one-time necessities. However, due to their credit history, their only alternative was a predatory lender. Microloans could be the answer. Providing individuals with a loan option builds their confidence level as well as their credit scores. That is what really motivated me.

The other part of it is that guidance could be provided that helps people. I heard people's interest in paying back a loan. Some people do not feel motivated to receive repeated handouts, but they feel good about microloans.

A loan option builds their confidence as well as their credit scores.

How do you build rapport with prospective borrowers?

When building rapport, my approach is the same way as beginning relationships with friends, family or a spouse. I think it is innate, because sometimes it seems natural...I believe it is caring about people and being interested in them.

Listening skills are so important. There are so many facets to the problem, you cannot presume what the solution might be. Listen to them. Understand what they are dealing with, and understand their goals. Also, there is no room for judging. Everyone has encountered someone who has stumbled. Compassion is important in their life. I want them to know that I truly care. They open up when they know that you truly care. After all, the best relationships in life are with those who truly care about you. You have to say to them, "Look at where you were before (this happened) and what steps need to be taken to get you there again."



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What are your thoughts on handling late payments?

I have never had a delinquent payment yet. I think that having regular communication with the borrower helps. I make my calls to borrowers a day or so before their payment due date. In the event there is a new situation, you can assist with a temporary solution.

What advice do you have for other Vincentians who are considering becoming a financial mentor?

First, I would say to spend more time on human relations than on analytics. Everyone feels good when they realize that their loan repayment pays forward and helps someone else. We emphasize that as they make payments, their credit rating improves and that their payments go into a bucket to help someone else who needs a microloan."

Second, we stress how important it is to get on their calendar from the beginning, saying, "No surprises, if something is going on, be open. We can deal with things when we know what we are dealing with." Be flexible in scheduling mentor appointments; be willing to meet on the phone. I tell them, "This is about you." Sometimes the meeting is asking how they are.

Of course, if I had an inkling in the beginning that this person was not committed, I do not go forward (with a recommendation for a new loan). With experience comes an increased ability to see through problems.

Finally, to be productive for the person, accept no more than two borrowers at one time. And you will receive the best gift you have ever had. Of all the volunteer work I have ever done, financial mentorship is the most rewarding.

Bob's New Life

One Year After a Microloan

Bob completed his microloan payments about one year ago. During a home visit for assistance, Vincentians had suggested a microloan as a possible remedy for Bob. Like many others, he had borrowed from a predatory lender and was trapped in a payment cycle. Microloans can help to pay off high interest loans or one-time expenses for individuals, such as Bob, who have ability to pay back the loan. Bob shares with readers the affects of his microloan experience one year after his loan.

Bob, tell us how the microloan experience impacted your life.

Saint Vincent de Paul and TrueCore saved me and changed my life. I was down on my luck. It is so easy to get a (high interest) loan, but they don't tell you that it is a new loan each time you pay. I paid back the \$800.00 that I borrowed and still owed \$800.00. People have immediate needs, but they don't know what they are getting into. What TrueCore did meant a new life for me. Now I have two accounts with TrueCore, a savings and a checking. My credit score is improving. And I received my interest back (from the TrueCore loan).

TrueCore is your credit union relationship?

Yes. They were friendly. I still call them for a credit score sometimes, and they help me.

**No one else had given me a chance.
I started looking in the mirror, saying,
"I know I can do this."**

How would you describe your relationship with your financial mentors?

John and Kathi taught me a lot. We met every two weeks to learn budgeting. I did a lot more thinking. No one else had given me a chance. I started looking in the mirror, saying, "I know I can do this. I am a good person." And I paid on my loan every month. Now I am caught up on bills, I have an apartment and furniture, and I bought a truck. I am saving to buy a home. I know how to do odds and ends around a house. I still keep in contact with John and Kathi.



Bob, what can you suggest that would improve the microloan process?

There are no improvements. You guys are great. I have a new life.

Thank you for sharing your story, Bob.

I'm glad to do whatever would help. I know a lot more now than I did then; I want to help someone else.

What would you tell someone else?

I would say, just because you are in this situation now, that is not where you have to end up in the future.

Resources to Help Others

Everyone who attends Financial Mentor Training, is provided with links and handouts with as many resources as we can offer. They are excellent resources, and can be shared with your conferences to be used with the people we serve when we do home visits, too. Here are a few resources that may be new to you:

- Resources that are available during the COVID-19 crisis: <http://coronavirus.ohio.gov>.
- Department of Jobs and Family Services benefit web site: <http://benefits.ohio.gov>.
- Ohio Legal information and help: <http://ohiolegalhelp.org>.
- Financial counseling/assistance for someone who needs help with large, unmanageable payday loans: <http://apprisen.com>.

Mentor Training and You

DEB ZABLOUDIL
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We have suspended training for new mentors temporarily. Once it is safe to bring people together, we will schedule a new training. In the meantime, we are working to provide some training resources through email, Google Docs and, Consumer Financial Protection videos. I'll leave you with a training at the end of this article and will communicate additional trainings over the next several weeks.

When we design trainings for mentors, there are three different types of information that we know our mentors need. The first is what we call "formation." That is what helps to form us as Vincentians – information that reminds us of our vocation, who we are called to be as the face of God for the people we serve, and who they are as the face of God for us. Every time we offer training of any kind, we want to connect our Vincentian vocation to the new task we are undertaking.

The second type of information is anything we can provide that helps us understand the lives of people living in poverty. The people to whom we loan money are not the poorest of those that St. Vincent de Paul serves, but they are often people who have been trapped in high interest loans or in low-paying jobs struggling to get ahead, or with little or no access to banking due to past financial missteps. How do we NOT sound like a judging parent when we try to talk to another adult, like ourselves, about financial skills, like budgeting.

Finally, we need to cover all the financial skills you need to talk to the borrower you mentor about budgeting, credit reports, starting to save, cash flow, etc. At this point, we've made the decision to just introduce you to the tools we make available in the hopes that you will dig into them more as you need them.



Share your thoughts about what you most need to be the mentor you want to be.

We have a new team of educators who are continuing to review and revise our mentor training to make sure it provides you with what you need to be the best mentor. Everyone needs different skills so that you can be your best in this new role. We can offer it all, but how we offer it in the future may be different than it has been in the past. If you want to share your thoughts about what you most need to be the mentor you want to be, let me know and we will work to provide that for you and for all our future mentors. Thank you for everything you are doing to change the lives of the people you are mentoring and will mentor in the future!

Updates

We would like to welcome Hardin County and Quest Federal Credit Union as our newest county and partner credit union. We have managed to complete the training for their board just days before the governor instituted the "stay-at-home" order. We're excited to have them join us!

We also wanted to let you know that we have a second credit union in Franklin County. We continue to be partners with Metro Federal Credit Union. Thanks to a donor who lives on the west side of Franklin County, we have also opened an account at the CME in Hilliard so that borrowers who live on the west side will have a closer option for closing their loan. CME is already our partner in Delaware and Fairfield Counties. We thank both CME and Metro for their continued support of our program.

An In-Depth Look at *Behind on Bills*

DEB ZABLOUDIL

The CFPB took several of the tools from its big *Your Money, Your Goals* toolkit and put those tools into smaller, more manageable booklets. One of the first was *Behind on Bills: Start with One Step*. If you attended a mentor training in the past two or three years, you've seen them and took home a copy for your use. Here is a link to the electronic version of the booklet https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals_behind-on-bills_booklet_cobrand.pdf.

The CFPB also offers a training video to take you through the booklet, one tool at a time. You can use the tools yourself as a way to see how they work and to make notes about when you might consider using the tools with the person you are mentoring. While we are "staying-at-home," consider spending time with this video and the booklet to refresh your skills <https://www.youtube.com/watch?v=QLG9uATK-Dc&feature=youtu.be>. There is an introduction to the CFPB and to the program in the first few minutes of the video. The actual training for *Behind on Bills* starts at about 6 minutes and 50 seconds.



Helping Borrowers Through Covid-19

As we face this coronavirus crisis together, the usual ways of helping those we serve look a little differently right now. Evictions are on hold, utility payments are on hold, and money is still tight. Some people have lost jobs, some may still be waiting for unemployment and are unable to pay their current bills. Others are struggling to keep food on the table, and our food pantries are doing a phenomenal job helping out those who need help.

One additional problem we are just starting to see is that some of our Microloan borrowers are unable to make payments. To address this issue, the Diocesan Microloan Board has approved making all loans current and up to date so that borrowers who need to renegotiate their loans would be able to do that. So, financial mentors are working with the borrowers they are accompanying and will work with our partner credit unions to renegotiate loans whenever possible. It is our hope that this will help our borrowers to successfully repay their loans.

Contact Us

WEBSITE https://www.svdpcolumbus.org/microloan_mission

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https://www.svdpcolumbus.org/contact_info

Main number: 614-285-4473 (leave a message or text)

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

