



THINGS TO THINK ABOUT WHEN STARTING AN ALTERNATIVE LENDING / MICROLOAN PROGRAM

- Include a mentoring program or a period of regular follow-up with borrowers. Mentoring with a financial literacy and/or financial empowerment component will help borrowers learn how the financial system works. This will help ensure that borrowers make informed financial choices over time.
- Rely on other Vincentians for ideas and advice when starting a program. Those who are already doing the work, are always available to help.
- If the financial institution cannot offer a 0% loan, see if the program can afford to pay back any interest paid by the borrower at the end of a successful loan repayment period.
- Try to negotiate a waiver of late fees with the credit union since the program is securing the loan repayment.
- Make use of the free resources from the federal government through the Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission (FTC) for financial literacy and budgeting resources:
 - CFPB [Your Money Your Goals](#)
 - FTC:
 - [Access free credit reports](#)
 - [Order free resources about credit, debt, loans, mortgages, etc.](#)
- Be sure to accompany a borrower to the credit union to reiterate that SVdP money being borrowed, helping the borrower see that repayment of the loan is actually paying the money forward so the program can continue for others in the future.
- If a borrower has a short-term problem (layoff, a secondary financial emergency) and is willing to work with the program, offer some assistance in making partial payments in the short term (e.g., a three-month period).
- Refer borrowers to other resources in the community including food pantries, utility assistance programs, fuel (e.g., oil) assistance, etc. to help free up more money so they are able to make loan payments.
- Refer borrowers to Voluntary Income Tax Assistance (VITA) or other free tax preparation assistance to make sure they are accessing the Earned Income Tax Credit and other tax benefits.

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VOICE OF THE POOR

- Research local community demographics and ease of access to financial institutions before deciding how to design a program. This includes considering the best structure: a Diocesan-wide program, District-wide program, or a program run by an individual Conference.
 - Rural concerns
 - Urban concerns
 - Geographic access to credit union
- Be sure to define the types of loans the program will make, and the criteria by which loans will be awarded, before making a first loan. This helps avoid emotional decisions when helping people.
- When working with a borrower to restructure debt, see if there is a consumer credit counseling organization in the community to help with this process. If not, guide the person through the process by contacting lenders to help them lower the total amount of debt owed.
- Start small. Test processes. Be sure the loan decision team is ready to evaluate loan applications. After a test period of at least six months, evaluate before expanding the program.