



Anatomy of a
CDFI





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Joy Wilson, VP, Talent Management, ORNL Federal Credit Union

WE HELP CREDIT UNIONS THRIVE.

THE IMPORTANCE OF BEING COMMUNITY-FOCUSED

Certified CDFI credit unions bring a hyper-local focus to their community work. Here, four leaders discuss the missions of their organizations in today's tumultuous environment.

BY ERIK PAYNE

In 1994, Congress created the Community Development Financial Institutions (CDFI) Fund at the U.S. Treasury. The Fund promotes economic revitalization in distressed communities throughout the United States by directing financial assistance to certified financial institutions.

As of August 14, 2020, when the most recent data set became available, 1,135 financial institutions were actively certified CDFIs. Of those, 313 were credit unions. With the certification, credit unions can apply for grants or educational assistance from the CDFI Fund as well as access capital from secondary sources such as foundations, development organizations, banks and trusts, and more.

The Fund determines eligibility for assistance by evaluating whether the CDFI meets five primary characteristics:

- Has a mission of community development.
- Serves a target market.
- Is a financing entity.
- Provides development services.
- Remains accountable to its community.

CDFIs work to empower unbanked and underbanked individuals to enter the financial mainstream. Although these are not the only institutions to do so, CDFIs are different from other banks and credit unions in that community work is central to their missions.

“CDFI credit unions have the ability to respond to and invest in areas that other financial institutions, particularly for-profit financial institutions, would not,” says Carla Decker, CEO of DC Credit Union (\$72.9M, Washington, DC).

The coronavirus pandemic has disrupted life in the United States, and certain populations have felt the economic and social impact more acutely than others. Often, these are the same populations that certified CDFI credit unions serve, which further highlights the important role these hyper-local community-focused cooperatives play in American life.

In the following pages, leaders from four certified CDFI credit unions serving communities from Louisiana’s western edge to New York City — and with assets ranging from \$5 million to \$120 million — discuss the populations they serve, the work they do, the importance of capital, and how COVID-19 has changed how they view their mission.

THE CDFIS IN THESE PAGES

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Lake Charles, LA

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Brooklyn, NY

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A BENEFIT FOR CREDIT UNIONS WITH A CONSCIENCE IN COMMUNITY DEVELOPMENT

BY ERIK PAYNE

Carla Decker is the CEO of DC Credit Union. She's held the position since 2001.

DC Credit Union (\$72.9M, Washington, DC) is dedicated to providing access to credit as a tool for economic development. In the past three years, the credit union has received \$2,083,000 in grants from the CDFI Fund, the NCUA Technical Assistance program, and other organizations.



CARLA DECKER
CEO, DC CREDIT UNION

WHAT POPULATIONS DO YOU SERVE?

CARLA DECKER: Our credit union was founded in the 1950s by Black municipal employees specifically because they could not access credit from banks. What they were able to access was either through loan sharks or other type of predatory credit. Our roots are steeped in civil rights, and to this day we continue with that same tradition of serving the most vulnerable people who lack access to affordable, safe, financial services. We live in a highly gentrified city, and there is tremendous financial inequality.

WHAT DO THESE POPULATIONS NEED FROM A FINANCIAL INSTITUTION?

CD: They need financial coaching and second chances. They need to be able to reset a relationship with a financial institution and access affordable credit. That's first and foremost.



CU QUICK FACTS

DC CREDIT UNION
DATA AS OF 06.30.20
WASHINGTON, DC

\$72.9M
ASSETS

11,390
MEMBERS

3
BRANCHES

12.0%
12-MO SHARE GROWTH

-8.6%
12-MO LOAN GROWTH

0.27%
ROA

Representatives from DC Credit Union help community members prepare their federal income tax returns.



“ CDFI credit unions have the ability to respond to and invest in areas that other financial institutions, particularly for-profit financial institutions, would not.”

— CARLA DECKER, CEO, DC CREDIT UNION

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We need to provide a basic understanding of how to benefit from a banking relationship. We don't want our members to find themselves in accounts where they are paying more fees than they are returning in dividends. We also need to motivate them to think further than today and tomorrow while making sure they're able to get from paycheck to paycheck without taking on too much financial burden and creating a cycle of indebtedness.

WHEN DID DC CREDIT UNION BECOME A CDFI? WHY?

CD: One of our first strategic objectives when I became CEO in 2001 was to diversify our membership and diversify our work. Because we were formed by city government employees, our credit union was tied to the financial and budgetary cycles of the municipal government. We had acquired a low-income designation, and my job was to use that more effectively to provide services, such as transition services and home and credit products, to immigrants.

We opened a fully bilingual branch in the Mount Pleasant neighborhood of DC in 2006. It operates in partnership with other local credit unions and other community organizations and advocacy groups for Latinos. When we became a CDFI-certified credit union in 2009, we had experience and expertise in serving low- to moderate-income families through this branch.

We've since learned the products and services that work well for one underserved group translate to other groups that might be underserved. The timing of our CDFI certification coincided with the economic downturn. Our members were affected early on, so the credit risk was tremendous. We needed to be able to access additional capital, and knowing that we were devoted to our mission of financial inclusion, the transition to CDFI-certification was a natural one.

HOW COMPETITIVE IS THE GRANT PROCESS? HOW DO YOU STAND OUT FROM OTHER APPLICANTS?

CD: We have a high operating cost, which means our margins are narrow. We can't grow as fast as others who have better rates of return. Having that capital cushion to make loans to our members, who are often higher risk, is critical to ensure we can absorb the hard times they experience and continue to grow in size and impact.

All of which is to say the grant process is important and also pretty competitive. There are many credit union CDFIs and other financial institutions doing tremendous work, and each one has a story and impact that can be measured and viewed in different ways. For us, we've found success standing out from others by knowing our story and being able to articulate it — both qualitatively and quantitatively. We make sure our application focuses on programs or projects in which we already have expertise, but we're also careful to document how we've used our funds in the past to create a positive impact. We do that by embedding our community work into our strategic plan so what we do as it relates to our grant work parallels our core work.

WHO OR WHAT IS HISTORICALLY THE AIM OF YOUR COMMUNITY WORK? WHAT CHALLENGES DO YOU LOOK TO ADDRESS? WHY?

CD: There was a 2017 FDIC study that showed 8% of DC's 700,000-plus residents were unbanked — compared to 6.5% nationally — and 25% were underbanked — compared to 19% nationally. There is a large population within the District who need access to financial services as a way to fully participate in the economy and build assets and wealth. In DC, poverty is most prevalent among people of color. In addition, one-third of DC residents have subprime credit scores.

You might think of DC as this high-powered, wealthy city. The fact is, there are a lot of people who have been left behind and lack a voice. This is especially true as investment in some parts of

“You might think of DC as this high-powered, wealthy city. The fact is, there are a lot of people who have been left behind and lack a voice. This is especially true as investment in some parts of the city have forced some people from living and benefiting from that investment.”

— CARLA DECKER, CEO, DC CREDIT UNION

the city have forced some people from living and benefiting from that investment.

HOW HAS COVID-19 CHANGED YOUR OPERATIONS OR YOUR COMMUNITY WORK?

CD: At this point, all three of our branches are open. Our biggest shift has been in our mindset now that there's such a need to serve members remotely. Our model is high-touch. We sit with members to talk them through how we might best serve them. That's been disrupted.

We aim to provide friendly and easy banking, but how do we build new or existing relationships with acrylic panes of glass separating us from members? Although we have a robust suite of electronic remote services and capabilities, many of our members using those services might not be as comfortable or adept as we would have anticipated. So, as we move away from majority in-person interactions, how do we replicate or maintain that same level of service or relationship by phone, email, or online banking?

HOW HAS COVID-19 CHANGED THE WAY YOU THINK ABOUT THE CREDIT UNION AND ITS MISSION? HOW HAVE YOU EVOLVED?

CD: It has reminded us of the need for the credit union. In the earliest months of the pandemic, April and May, the city streets were empty and yet we were serving 120 to 150 members every day. I remember people walking into our branches saying, 'I have nowhere else to go.' There weren't many other financial institutions open. It was a clear reminder that the folks we serve are front-line public servants, emergency responders, service industry workers — populations who were most at risk and needed to be able to cash a paycheck or deposit a stimulus payment.

Then, we see a need to focus on entrepreneurship and small business support.

This is a population that doesn't have the luxury to work from home, so making sure they know they have a financial institution working for their best interest is important. We do have some basic products for this population, such as a microbusiness loan that is underwritten to the consumer as opposed to the business, but we see the need to support these groups to a level that wasn't as prevalent before the pandemic.

WHY ARE CDFI-CERTIFIED CREDIT UNIONS IMPORTANT TO THE FINANCIAL SERVICES LANDSCAPE?

CD: CDFI credit unions have the ability to respond to and invest in areas that other financial institutions, particularly for-profit financial institutions, would not.

CDFIs are vehicles by which public policy can direct financial resources into a community. The U.S. Treasury Department might not be able to invest in the Latino population in Washington, DC, but it can invest in us. We're then able to deploy services that would benefit that population. We can be a mechanism by which larger for-profit entities can direct resources in ways they would not traditionally do.

WHAT LESSONS OR ADVICE DO YOU HAVE FOR CREDIT UNIONS CONSIDERING CDFI CERTIFICATION?

CD: There are many wonderful professional resources out there to help organizations navigate the certification process. But to be successful with the certification, you have to be true to your mission and the needs of your membership. If your conscience as a credit union lies in community development, and if that's something that already defines your work, then CDFI certification is for you.

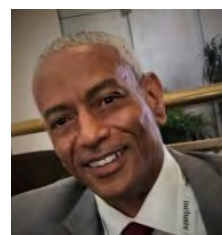
— *This interview has been edited and condensed.*

BUILDING ECONOMIC CAPACITY IN CHICAGO'S SOUTH SIDE

BY ERIK PAYNE

Gregg Brown is the founding CEO of South Side Community Federal Credit Union (\$5.1M, Chicago, IL). The credit union was founded in 2003.

SSCFCU's mission is to equalize economic power and to fight poverty by improving financial literacy and providing access to credit and savings services. In the past three years, the credit union has received \$491,176 in grants from banks, trusts, housing development organizations, and more.



GREGG BROWN
CEO,
SOUTH SIDE COMMUNITY
FEDERAL CREDIT UNION

WHAT POPULATIONS DO YOU SERVE?

GREGG BROWN: SSCFCU was founded in 2003 by a group of community organizers and businessmen. They saw a need to establish a financial institution sensitive to the needs of South Side Chicago residents, 40% of whom were either unbanked or underbanked. This is a population that highly patronizes payday lenders for loans and currency exchanges and who seems to greatly distrust the mainstream banks.

It's a testament to our resiliency that we are still here when many community-focused financial institutions have had to close, particularly those owned and operated by African Americans. Those are the first types of institutions to go under because they cater to populations with unemployment levels that are difficult to bank on. CDFIs like us that serve the underserved are taking financial risks, but we believe we have a better track record of this type of service than any other institution.

WHAT DO THESE POPULATIONS NEED FROM A FINANCIAL INSTITUTION?

GB: We offer non-traditional products, services, and programs tailor-fitted to the community we serve. We operate a HUD-approved housing counseling department, we have received our CDFI-certification, low-income designation, and we are a minority depository institution as well.

Our success as a credit union depends on economic conditions as well as our ability to offer high-touch and high-tech service. We're good at high-touch, but it takes longer for an institution like ours to build the capital necessary to implement turnkey technology. We're working on it, and it's one of the reasons we raise grants.

Our formula is to educate people with our eight-week financial education program where we teach basic money management skills. That's part of our housing counseling program that puts potential homeowners on the road to becoming first-time homebuyers. As a CDFI, we are helping people acquire and retain assets not only to help them become individually successful but also to contribute to a larger structural change — recycling dollars in a manner that builds community economic capacity.

WHEN DID SSCFCU BECOME A CDFI? WHY?

GB: We've been CDFI-certified since our beginning, so we were able to raise funds to build capacity to do more work.

CU QUICK FACTS

SOUTH SIDE COMMUNITY FCU

Data as of
06.30.20
CHICAGO, IL

\$5.1M

ASSETS

1

BRANCHES

1,550

MEMBERS

23.8%

12-MO SHARE GROWTH

22.7%

12-MO LOAN GROWTH

0.81%

ROA

“As a CDFI, we are helping people acquire and retain assets not only to help them become individually successful but also to contribute to a larger structural change — recycling dollars in a manner that builds community economic capacity.”

— GREGG BROWN, CEO, SOUTH SIDE COMMUNITY FCU

In recent years, we've seen a lion's share of the Fund's money start to go to loan companies and even banks that have more money to invest in grant writing. This has made things highly competitive. We won a few grants from the Fund early on, but we've been unsuccessful for the past few years. Now, there's a stronger advocacy arm for community development credit unions to make sure these types of institutions are able to access those resources.

As I said before, we participate heavily in financial education and in recirculating funds in neighborhoods to create economically sustainable communities. The resources we're provided through this certification help with that.

HOW COMPETITIVE IS THE GRANT PROCESS? HOW DO YOU STAND OUT FROM OTHER APPLICANTS?

GB: We need funds to remain viable and offer solutions to our communities. I serve as the CEO, CFO, and resource development officer of SSCFCU. I write grants with one other person on my team, and we're still trying to figure out how to better get the word out about what we do. We have to rely on sources of income like

this to preserve our financial institution through the COVID-19 crisis because we have a lot of low-income families that depend on us for their banking. We're looking for ways to outsource some of that grant writing work because the more grants we put in, the more we get back.

Fortunately, more people are discovering our work. We don't limit our fundraising to organizations. We've been able to raise grant funds from banks and foundations as well as individual donors over the years. We've had people kindly contribute to our community development capital campaign. If we can get the word out further, there might be more individuals inclined to support our work.

WHO OR WHAT IS HISTORICALLY THE AIM OF YOUR COMMUNITY WORK? WHAT CHALLENGES DO YOU LOOK TO ADDRESS? WHY?

GB: We started with debt consolidation and payday alternative loans to compete with the financial predators that were siphoning the economic blood out of the community. Beyond that, to fulfill our mission, we need to help people



South Side Community FCU's leadership volunteers at Matthew House, a community-based nonprofit that provides food, shelter, housing, and supportive services to those in need.



acquire assets to start and own a business or to own a home.

The people we serve in our communities are more than just renters, they are homeowners. We want them to be able to patronize establishments that are owned by community residents. If we can do that, we're creating more jobs and circulating money within the community.

But first and foremost, we want to be the conduit that enables our members to own homes.

HOW HAS COVID-19 CHANGED YOUR OPERATIONS OR YOUR COMMUNITY WORK?

GB: COVID-19 has forced us to engage more in online remote services. We encourage our members to sign up for home banking. We also offer a free debit card program where our members can access their funds without having to physically come to the credit union.

We have set up COVID relief programs, such as a 90-day deferral program, for families that have been impacted. That's what we started with, but it's still evolving. We're looking at what we can do within reason to ensure we all come out of

Despite our size, we're working to build our technology, which will ultimately make us more competitive and attractive to potential members, some of whom are disenchanted with the banks that are not making loans like they should. They recognize that credit unions treat them as more than an account number.

Credit unions are motivated by the principle of people helping people, and we're driven by mission as opposed to profit. That's a distinguishing factor that's needed now more than ever. In times of crisis, you need people who care about people.

WHY ARE CDFI-CERTIFIED CREDIT UNIONS IMPORTANT TO THE FINANCIAL SERVICES LANDSCAPE?

GB: The certification has value in that it communicates the work we do within the broader community and helps us gain awareness for those who are in a position to fund our work. But we'll do this work with or without that certification. The work is the work, and it is worthy of investment.

The CDFI certification provides a quick

“ In times of crisis, you need people who care about people. ”

— GREGG BROWN, CEO, SOUTH SIDE COMMUNITY FCU

this pandemic. We recently began participating in the Illinois Housing Development Authority's Community Outreach Assistance Program. The program offers emergency rental assistance to keep people current on their rent or mortgage.

Our counselors are working remotely and can connect with members through FaceTime or Zoom. We now conduct all our financial education classes via Zoom and hope that opens up the door for more people to participate and receive services from the comfort of their own homes.

HOW HAS COVID-19 CHANGED THE WAY YOU THINK ABOUT THE CREDIT UNION AND ITS MISSION? HOW HAVE YOU EVOLVED?

GB: External factors have changed and made it more challenging for people to earn and save money. How I think about the mission has not changed.

reference that we are among the premier community development organizations. There are many structural problems we look to address, whether it's the wealth gap or racial inequality, and the certification allows us to build a framework and start a conversation that will lead to a solution.

WHAT LESSONS OR ADVICE DO YOU HAVE FOR CREDIT UNIONS CONSIDERING CDFI CERTIFICATION?

GB: We're stronger united. If there are resources that can help a credit union help its members achieve financial stability, then it's part of our mission to do everything we can to help them.

I would encourage them to stay connected to their local credit union leagues or organizations that operate in this space. Whatever your community is facing or the work you do, other entities are also doing that work.

— *This interview has been edited and condensed.*

A BANK OF SECOND CHANCES FOR SEGS IN SOUTHWEST LOUISIANA

BY ERIK PAYNE

Chad Miller is the CEO of Southwest Louisiana Credit Union (\$120.1M, Lake Charles, LA), a position he has held since October 2019.

SWLACU's membership is primarily industrial. In the past two years, the credit union has received \$1,664,000 in grants from the Community Development Financial Institutions fund.

WHAT POPULATIONS DO YOU SERVE?

CHAD MILLER: We're heavily industrial-based, so oil, gas, and refinery plant workers. But we also have a large gaming population. We have four casinos in our immediate area that bring in tourism dollars, especially from Texas. A lot of people here will graduate high school and enroll in the local trade school or community college, which both have done an excellent job developing trade programs for operators or technicians, welding certifications, CDL licenses, and the like. Frankly, you can get into the workforce quickly and make good money.

We have a large Black population in Lake Charles, but there's a divide in our city between north and south. From an economic empowerment perspective, the poverty lines are pretty much drawn in the sand. And with the influx of new power plants and more out-of-towners moving in, rents are going up.

WHAT DO THESE POPULATIONS NEED FROM A FINANCIAL INSTITUTION?

CM: Housing and rental prices have been our biggest challenge. Plant workers are making good money, so rent has risen with that. And whereas small housing developments are creating more affordable opportunities, borrowers still have to qualify financially. We lend to lower credit scores with low down payments, and we've looked for ways to create affordable housing, providing mortgages for mobile homes, tiny homes, and even "barndominiums," which are steel buildings

designed as barn structures and used as living spaces.

From my perspective, SWLACU is the low-income, high-risk lender in the area. We try to be the bank of second chances that fills the void left by mainstream financial services. One of the first things we did with our CDFI grant was to create a \$5,000 student loan product for folks getting their six- to eight-week certifications. As part of that, we provide rent assistance or childcare for 12 weeks to remove a barrier for obtaining that higher education.



CHAD MILLER
CEO, SOUTHWEST
LOUISIANA CREDIT UNION

WHEN DID SWLACU BECOME A CDFI? WHY?

CM: We became certified in 2018. We operate with higher expenses and higher charge-off rates. We've always fit the mold of a CDFI-certified credit union, we just didn't have the designation. We're a \$120 million shop now, but we try to operate like a bigger institution. Receiving that grant funding bridges the gap a bit so we're able to bring services to the people who really need them.

HOW COMPETITIVE IS THE GRANT PROCESS? HOW DO YOU STAND OUT FROM OTHER APPLICANTS?

CM: It's competitive. The process on our end is still pretty tumultuous just in having to gather financial information that shows we are providing services to those who need them. We can't just go in there and say, "We lend to folks with 600 credit scores." That's not going to get us far. They want to see what we are doing in the community, how many partners we've gathered, and specific plans for products we'll use the funds for.

Applying for the CDFI designation is getting more popular, and we're trying to encourage as

CU QUICK FACTS

SOUTHWEST LOUISIANA CREDIT UNION

DATA AS OF 06.30.20
LAKE CHARLES, LA

\$120.1M
ASSETS

17,180
MEMBERS

2
BRANCHES

15.9%
12-MO SHARE GROWTH

7.9%
12-MO LOAN GROWTH

0.59%
ROA



“

From my perspective, SWLACU is the low-income, high-risk lender in the area. We try to be the bank of second chances that fills the void for mainstream financial services.

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— CHAD MILLER, CEO, SOUTHWEST LOUISIANA CREDIT UNION



AN UPDATE FROM HURRICANE LAURA

The interview with Chad Miller occurred before Hurricane Laura made landfall in Louisiana as a Category 4 storm on August 27. The storm has caused an estimated \$8.7 billion damage in southwestern Louisiana and southeastern Texas. Here, Miller provides an update on his credit union's operations two weeks after landfall and offers what he's learned about his community.

“We've set up a temporary location at a credit union in Baton Rouge and have been able to help a lot of people remotely. We're restoring our branches now, although one branch has been destroyed. 100% of our employees homes were affected, some minor, some major.

But what I've learned about our community is we're EXTREMELY resilient. It's amazing to see the helping hands, the optimism, and the love for our community. I can't name all the partners from the credit union industry that have lent a helping hand to our employees and our community, from providing us a place to set up shop to monetary donations and supply drives. It's all been humbling. I'm blessed to be from southwest Louisiana, and I'm honored to be in the credit union industry.”

many credit unions as possible to apply. We know credit unions are going to do the right thing with their grants and apply them in the community as they should be.

WHO OR WHAT IS HISTORICALLY THE AIM OF YOUR COMMUNITY WORK? WHAT CHALLENGES DO YOU LOOK TO ADDRESS? WHY?

CM: Housing and education have been our main focus. Our vision statement is eliminating poverty in our community and our mission is financial empowerment for all. We try to live both of those by getting services to people who don't currently have them. We call that “filling the void.” We think about what our communities would look like without credit unions in them. Without a financial institution of second chances, I honestly believe there would be a huge void.

HOW HAS COVID-19 CHANGED YOUR OPERATIONS OR YOUR COMMUNITY WORK?

CM: We clean more and make sure there are not hundreds of people in a branch at any one time. We started our remote policy at the senior level back in 2017, which allowed us to work from home one day per week if we chose. From that we built processes and security functions that we were able to spin out to the entire organization.

We recently underwent our annual strategic planning session and the pandemic has made me even more thankful to have the CDFI certification. When times change drastically, it can take effort and cash to alter a strategic plan. Without some of our funding, we would have had to scale back and get more creative in the community, which we already had to do because we can't be in person right now. As it is now, we're doing events and workshops on Facebook Live and Zoom, which has been cool. But we're ready to get back out into our community.



Upon reopening its branches, Southwest Louisiana Credit Union's locations put out signs reaffirming the role its front-line staff and physical locations play in the community.

HOW HAS COVID-19 CHANGED THE WAY YOU THINK ABOUT THE CREDIT UNION AND ITS MISSION? HOW HAVE YOU EVOLVED?

CM: It has made us live out our mission even more. We can do loan deferrals and skip-a-pays and not have to worry about where our next dollar will come from because we're well-capitalized. As a CDFI, we're built for this moment. This is why we're here. This is why we built a strong balance sheet. We weren't about to tighten up our underwriting standards like some banks are doing. We're continuing to be that second chance lender — in a smart way.

That's going to be more important in the next year or two. I think we're going to start seeing some bankruptcies and difficulties in housing. With the number of people out of work, we'll have to be creative in how we account for loss of income because there's a difference between being out of work and unemployed. There's going to be another void, and without the void-fillers, the crisis might get even bigger.

WHY ARE CDFI-CERTIFIED CREDIT UNIONS IMPORTANT TO THE FINANCIAL SERVICES LANDSCAPE?

CM: In this day and age, people can access financial services through online and mobile

channels. They are good and they serve a purpose. But at the same time, there needs to be convenient access as well. We recently opened a microbranch in the SWLA Center for Health Services in north Lake Charles. It's a financial services hub for that community. I think without CDFIs, those type of services would go away and be replaced by payday lenders. If there are not CDFI-certified credit unions that are willing to pull their resources to create affordable options, there's not going to be affordable options.

WHAT LESSONS OR ADVICE DO YOU HAVE FOR CREDIT UNIONS CONSIDERING CDFI CERTIFICATION?

CM: When you don't know, you don't know. So, don't be scared to ask community partners for help. You can't be scared to ask for help from your community partners because a lot of them have the same mindset as you and want to help.

Then, don't be scared to innovate or take risks in what you develop. Ultimately, that's what the funding is there for. The more creative you can get, the better chance you'll have to receive the certification and, ultimately, the grant funding.

— This interview has been edited and condensed.

RESPONDING TO THE LOCAL NEEDS OF 300,000 RESIDENTS

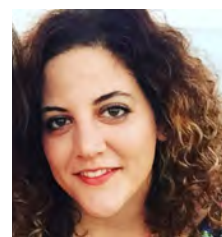
BY ERIK PAYNE

Azra Samiee is the assistant director of marketing and outreach for Brooklyn Cooperative Federal Credit Union (\$39.8M, Brooklyn, NY), a position she has held since August 2018.

Founded in 2001, Brooklyn Cooperative's mission is to further wealth-building opportunity and resilience among members. The credit union operates two branches in the Bushwick and Bedford-Stuyvesant neighborhoods of Brooklyn, home to approximately 300,000 residents — 85% of whom are minorities. In the past three years, the credit union has received \$1,488,750 in grants from the CDFI Fund, the NCUA Technical Assistance program, and other foundations and development programs.

WHEN DID BROOKLYN COOPERATIVE BECOME A CDFI? WHY?

AS: We became CDFI-certified in 2001. With the certification, our services are more accessible and we're able to join a network of other institutions we can learn from and work with. It creates access and helps us build programs that serve small businesses.



AZRA SAMIEE
ASSISTANT DIRECTOR
OF MARKETING AND
OUTREACH,
BROOKLYN COOPERATIVE
FEDERAL CREDIT UNION

CU QUICK FACTS

BROOKLYN COOPERATIVE FCU

Data as of
06.30.20
BROOKLYN, NY

\$39.8M

ASSETS

2

BRANCHES

7,396

MEMBERS

44.1%

12-MO SHARE GROWTH

35.1%

12-MO LOAN GROWTH

1.61%

ROA

WHAT POPULATIONS DO YOU SERVE?

AZRA SAMIEE: We were founded in 2001 in response to a growing need within the Bushwick and Bedford-Stuyvesant communities. Our community includes predominately Black and brown working-class people, including many small business owners, who haven't had access to loans in the past. Our members are primarily Hispanic and Spanish speaking.

WHAT DO THESE POPULATIONS NEED FROM A FINANCIAL INSTITUTION?

AS: This is a corridor in central Brooklyn that has a small number of financial institutions. Those larger institutions that do operate in this area have historically excluded the populations we aim to serve, who need access to accessible and affordable savings and checking accounts, personal or mortgage loans, or capital to start or expand their small business.

HOW COMPETITIVE IS THE GRANT PROCESS? HOW DO YOU STAND OUT FROM OTHER APPLICANTS?

AS: Grants have become extremely competitive. Over the years, the pool for CDFI funding has grown and the number of applications has grown with it, with CDFIs focused on affordable housing and small businesses, among others. More recently, corporate funders are allocating funds to CDFIs. Their funding mandates we be a nonprofit, but they aren't completely familiar with the wide work we accomplish. We're a 501(c)(1), which is an IRS-recognized nonprofit organization, but often the work to submit an application for funding through these entities is discouraging because it takes us away from what we are trying to accomplish.

We stand out in our applications by highlighting and discussing our geography and that, as a CDFI, we serve neighborhoods and people who have been historically marginalized. We are also the third-largest, and only community-based, credit union in Brooklyn.

We distinguish ourselves by pointing to our longevity and ability to respond to immediate local needs. We are familiar with our community and have rapport with our members and

“ If you’re not going to accommodate the needs of your community, what’s the point of having the certification?

— AZRA SAMIEE, ASSISTANT DIRECTOR OF MARKETING & OUTREACH, BROOKLYN COOPERATIVE FCU

”

borrowers. Brooklyn Cooperative’s practices are centered in ensuring economic equity for traditionally marginalized communities — including people of color, people from working class backgrounds, women, and LGBTQ populations. This is reflected in both our membership and our staff.

We are one of the only SBA lenders in our area, which was particularly valuable in April when the CARES Act was passed and we saw an influx in Paycheck Protection Program loans. As an SBA lender, it opened the door for us to help people who were new to community credit unions.

Brooklyn Cooperative also operates an affiliate nonprofit called Grow Brooklyn, which has



A full house attends Brooklyn Cooperative’s Getting Ahead Financial Counseling class from January. The credit union offers these classes monthly in partnership with New York City-based Neighborhood Trust FCU.

WHO OR WHAT IS HISTORICALLY THE AIM OF YOUR COMMUNITY WORK? WHAT CHALLENGES DO YOU LOOK TO ADDRESS? WHY?

AS: We have made a concerted effort in the past year to ensure we are democratizing the ways in which our members are able to participate in the credit union, so we’ve been hosting town halls where members have the opportunity to speak directly with us on a variety of topics they’ve chosen. We also offer a number of free workshops for members, one of the most popular is our small business tax prep service.

offered technical services that complement the credit union’s financial services since 2008. We advocate for policies that address generations of economic injustice experienced in our communities.

This is not an abstract idea. Across New York City, only Grow Brooklyn’s attorneys provide end-of-life planning and estate services to homeowners — two-third of whom are Black or brown — whose title to their properties are in legal jeopardy. Only Brooklyn Cooperative’s tax preparers counsel entrepreneurs on compliant tax practices, prepare, and then file the tax returns as



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It's important institutions create programs that speak to the needs of their community rather than thinking what they offer will do.

— AZRA SAMIEE, ASSISTANT DIRECTOR OF MARKETING & OUTREACH, BROOKLYN COOPERATIVE FCU

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required to protect these businesses from penalties that could shut them down. Across the nation, Grow Brooklyn stands out for a tax prep program it has scaled from 72 annual returns to 7,200 while prioritizing the delivery earned income tax credits (EITC) back to our neighborhoods — 33% of Grow Brooklyn's tax clients receive EITC.

HOW HAS COVID-19 CHANGED YOUR OPERATIONS OR YOUR COMMUNITY WORK?

AS: In March, we were uncertain how COVID-19 would affect our daily operations. Other large banks in our community closed, but we remained open. We modified our hours and streamlined our online processes so our at-risk populations could access their accounts and information remotely. The same was true for our staff. We relied heavily on our IT team to build out the ability to work from home as necessary.

As I mentioned, we received a large number of PPP loan applications. Many of those who applied had already been excluded from other financial institutions because they didn't have an existing account or the bank made it difficult to access the funds. We created a high-touch experience for anyone who applied for PPP funding through our organization. And while we worked to respond to the needs of our own membership, we made sure the next level of applicants could access funds, too. We funded more than \$6 million in loans.

HOW HAS COVID-19 CHANGED THE WAY YOU THINK ABOUT THE CREDIT UNION AND ITS MISSION? HOW HAVE YOU EVOLVED?

AS: It has encouraged us to think about how people are able to access our programs and re-emphasized why we exist and why we are an essential service within our community. Going forward, we need to continue to communicate with our members on the various channels they

can use. Being accessible and offering needed solutions is important.

WHY ARE CDFI-CERTIFIED CREDIT UNIONS IMPORTANT TO THE FINANCIAL SERVICES LANDSCAPE?

AS: CDFIs create access. They have strong footholds within their communities and their commitment to the historically underserved is important. If you ask the question, “what if CDFIs like us didn't exist,” it would be hard to imagine. How many more small businesses or individuals would be in far worse economic positions?

WHAT LESSONS OR ADVICE DO YOU HAVE FOR CREDIT UNIONS CONSIDERING CDFI CERTIFICATION?

AS: Don't let the tail wag the dog. It's important institutions create programs that speak to the needs of their community rather than thinking what they offer will do. Many of the programs we've created were in direct response to a need. It's important to understand the needs of your community and have your services and programs reflect those. If you're not going to accommodate the needs of your community, what's the point of having the certification?

— *This interview has been edited and condensed.*