Total Loans/Delinquency

Thousands


Loans Delinquency

Borinquen Federal Credit Union
Total Assets

Thousands


Borinquen Federal Credit Union
Total Capital

Thousands


Reserves/Und.Earning

Borinquen Federal Credit Union
Borinquen Federal Credit Union
Total Investment

Thousands

Investments

Borinquen Federal Credit Union
1. Central Philadelphia
2. North Philadelphia
3. Northeast Philadelphia
4. Far Northeast Philadelphia
5. South Philadelphia
6. Southwest Philadelphia
7. West Philadelphia
8. Germantown, Roxborough, Manayunk
A. Current BFCU's boundaries
B. Proposed boundaries expansion
¿Qué es la Cooperativa de Ahorro y Crédito Borinquen?

La Cooperativa de Ahorro y Crédito Borinquen es una institución financiera comunal, fundada en 1974. Nuestra misión es proveer servicio de ahorro y crédito entre los socios. La cooperativa es propiedad de los socios y administrada por los socios a través de su Junta de Directores.

Cada socio tiene los mismos derechos y obligaciones independientemente del capital aportado. UN SOCIO UN VOTO.

¿Qué son acciones?

Es el dinero que los socios depositan para formar el capital de la cooperativa. Una acción equivale a $5.00. TODO DEPOSITO ESTA GARANTIZADO Y ASEGURADO POR EL GOBIERNO FEDERAL HASTA $100,000.00 POR CUENTA.

¿Cómo se utiliza el dinero de la cooperativa?

* Se facilita a los socios que cualifican en forma de préstamos.
* Se invierte en bancos y cooperativas para aumentar el capital.
* Se deposita parte como reserva.
* Se utiliza para gastos administrativos y operacionales.
* Se utiliza para mantener en cuenta corriente para el desembolso regular de los socios.
* Parte es repartida en dividendos entre los socios.

¿Qué son dividendos?

Dividendos es la cantidad de dinero que se distribuye entre los socios después de haberse cubierto todos los gastos y reservas necesarias. Los dividendos son distribuidos basados en la ganancia neta de la cooperativa.

¿Cómo la cooperativa produce ganancias?

* Por los intereses que pagan los socios por los préstamos que hacen.
* Por los intereses que recibe el capital invertido.
* Venta de giros y cargos por algunos servicios.

¿Qué servicios ofrece la cooperativa?

* Servicio de ahorro en cuentas de acciones.
* Préstamos personales y para mejoras al hogar.
* Cambio de cheques gratis para los socios.
* Venta de giros a precios modicóes.
* Información sobre servicio de vivienda proveído por otras agencias de la comunidad y de la ciudad.
* Orientación sobre hipotecas y referido a bancos.
¿Qué beneficios puede ofrecer la cooperativa a nuestra comunidad y sus socios?

* Es una institución regulada y administrada por los socios para llenar las necesidades financieras de la comunidad.
* Ayuda al desarrollo de la comunidad Latina de Filadelfia.
* El dinero se queda en nuestra comunidad y puede ser invertido en mejorar nuestro barrio.
* Servicios a costo razonable y apropiados para sus ingresos.
* No paga por guardar su dinero, y recibe beneficios.
* Es co-dueño de la cooperativa.

¿Cuáles son las responsabilidades de los socios?

* Participar en la asamblea anual de socios y saber cómo se administra la cooperativa.
* Promover y patrocinar la cooperativa y sus servicios para su desarrollo.
* Ahorrar regularmente, por lo menos $5.00 mensuales.
* Respetar el personal y los demás socios de la cooperativa.
* Pagar los préstamos a tiempo, recordando siempre que el dinero pertenece a usted y a otros socios.
* Mantener su dirección y teléfono correcto en nuestros archivos.
* Respetar las normas y el horario de la cooperativa.
What is Borinquen Federal Credit Union (BFCU)?

Borinquen Federal Credit Union is a financial institution funded in 1974. Our mission is to provide saving and loan services to our members. The credit union is owned by the members and managed by the members through a board of directors. All members have the same rights and the same responsibilities, independently of their invested capital. ONE MEMBER ONE VOTE.

What are shares?

It is the money that the members deposit to create the asset base of the credit union. One share is $5.00. All deposits are insured and guaranteed by the federal government up to $100,000.00 per account.

How is the credit union money used?

* It is given in loans to members who qualify.
* It is invested in banks and other credit unions to increase the capital base of the credit union.
* Part is accumulated as reserves.
* It is used for general administrative and operational expenses.
* Part is kept liquid for the regular cash withdrawals of members
* Part is distributed in dividends among the members.

What are dividends?

Dividends is the percentage of the net profit of the credit union that is distributed to the members, after all expenses and reserves of the credit union are covered.

How does the credit union produce income and generate profits?

* Through the interests paid by the members who have outstanding loans.
* Through the interest received on invested capital.
* Through the fees and charges.

What services does the credit union offer?

* Share savings accounts
* Consumer and home Improvement loans
* Free cash checking services for members.
* Money orders at low cost up to $1,000.00.
* Information about housing services provided by other community organizations and/or city agencies.
* Mortgage counselling and referral to local banks.

What benefits does the credit union offer to its members and the community in general?

* It is an institution managed and controlled by the members to provide financial services to the community.
* Support the development of the Latino community in Philadelphia.
* It channels money in our community that can be invested in improving the conditions of our neighborhoods.
* Services are available at reasonable cost.
* Members do not pay to save their money and receive benefits for been members.
* Members are co-owners of the credit union.

What are the responsibilities of the members?

* Attend the annual meeting of the credit union and monitor the management of the credit union.
* Promote and support the credit union services for its development.
* Save regularly, at least $5.00 monthly.
* Respect the personnel and other members of the credit union.
* Pay the loans on time, always remembering that the money belong to you and other members.
* Maintain the correct address and phone number in the credit union files.
* Respect the regulations of the credit union and honor the banking hours.
During this month we have not worked in the project too
diligently, but some important issues have happened that we
must mention:

1. The problem with the conduit organization has not been
   resolved yet. IRS has not issued any decision as it
   relates to the funds of BFCU.

2. We have a deposit from the Philadelphia Sheriff's Office
   of $50,000.00 at 4% interest rate. For political reasons
   the sheriff is under investigation by the City Contro-
   ller's Office. We have been verbally advised that we
   should increase the dividend rate. It has been the board's
   decision that if they request officially an increase
   in the return on investment we will ask them to withdraw
   the money. This is the only non-member deposit we actually
   have.

3. A proposal was submitted to the NFCDCU for a $90,000.00
   deposit at 2 1/2%, of a Ford Foundation program. This
   deposit, if approved has to be matched in a one to one
   basis with other deposits. We are planning to match it
   with member deposits, organizations' deposits and chur-
   ches deposits. A $10,000.00 deposit has been already
   committee by a local organization. (See enclosed proposal)

4. The supervisory committee conducted the audit, through an
   outside contractual services. This will bring the credit
   union to compliance in this requested area of concern.
   Report should be completed by the end of the month.

5. PNB had a meeting with Ceiba to discuss the new mortgage
   product and the application process. Although BFCU was
   not present at the meeting, it was clearly communicated
   by the bank to Ceiba that BFCU must play an important role
   in this process. The bank also informed the community this
   week that it is closing the only branch left near the commu-
   nity. This will bring other issues to the scene and BFCU
   will have to be careful in how we play the game.

6. The board is confronting some difficulties it started addre-
   ssing on May's meeting because one member resigned and one
   member is very sick. This leaves us with only five active
   board members of which one is moving to Puerto Rico in
   October. Two candidates were presented and we should make
   a decision on June's meeting. Although this will affect the
educational committee because one of its members will be transferred to the Supervisory Committee and the chair is the one who is moving to Puerto Rico.

7. Socorro has been working on the marketing strategy for the loans as part of her home work for the Marketing class. This will be expanded with the educational committee input to the Marketing Strategy of the organization. This should be ready for August's report. (Draft for loans ... included)

Please take note that in July's report we will have more details as it relates to the specific outputs. Due to the fact that both of us have been overworked we have not been able to provide follow-up to the committees of the board and to address the issue of the computers. Jose has been working on the moving of the Hospital and all the community issues this brings about. Socorro has been involved in the Public Hearings about the discrimination against the Latino Community by the City Administration. Both of us should be back in our normal pace of work by the third week of June.

Prepared for: David Miller
Prepared by: Socorro Rivera & Jose Rivera
GETTING TO A MARKETING STRATEGY
PART I. ANALYSIS AND TACTIC

Prepared for: Michael Rozyne
Prepared by: Socorro Rivera
June 1990
A. Introduce your organization

Borinquen Federal Credit Union (BFCU) is a financial institution serving primarily low-income Puerto Rican/Latinos in North Central Philadelphia. Borinquen's membership field is a corridor whose boundary lines, which are 9th street on West and Front street on East, run North-South from Roosevelt Blvd. which is its Northern boundary to Spring Garden Avenue. BFCU was created on 1974 to service the growing Hispanic population in the area, who could not obtain credit in the local mainstream financial institutions.

BFCU is a $700,000.00 asset base credit union, with 1200 members, managed by two staff members and a board of directors of seven members.

Although this is a 15 years old financial institution, it has not been until recently that it has become a community institution. Prior to 1986, when it was liquidated by the National Credit Union Administration (NCUA), it was poorly run and used by volunteers of a Catholic Social Services Agency. Fraud and high delinquency rate prompted the crisis which brought insolvency and temporary liquidation. A group of community people, of which I was part of it, created a committed to "rescue" this only financial institution in the Puerto Rican/Latino community monitored by the government. On May 1986, BFCU became the first credit union in the nation to be re-opened after liquidation, fully chartered, and returned to be managed by community people.
Long working hours and full participation of board and staff brought this credit union to solvency. Actually it provides services such as saving accounts, consumer and home improvement loans, free cash checking, money orders and referral to other institutions for housing services and other financial services not provided by the credit union. Services are provided by myself, general manager, and the assistant manager. The board of directors play a significant role not only in policy making but also in the approval of loans. The entire operations of the credit union is done manually and all record keeping and bookkeeping is done internally.

B. What is your marketing objective?

Our main objective is to market the loan services of the credit union to be able to increase our percentage of total outstanding loans from 18% to at least 40% by 12/90. Based on NCUA policies we should have no less than 75% of our total assets loan out.

Due to our past history of high delinquency we were unable to give loans for two years. On 1988 we started to make loans again but with a very restricted loan policy. As a result we are now confronting the problem of having only 18% of our total assets in outstanding loans. This has created a two-fold issue for the credit union, on the one hand we are receiving less income that we should and on the other hand NCUA is putting pressure in our shoulders. We must increase our outstanding loans while at the same time keep the delinquency rate under 3%.
It is our objective to market the loan services to our membership and potential members, while educating them on the importance of re-paying the loans for the survival of the credit union.

C. The product, service or idea

We have two types of loans we would like to market, consumer and home improvement loans. Consumer loans are available from $50.00 to $25,000.00, at 11% interest rate, with a maximum of 5 years re-payment schedule. The fees for loan services vary depending on the amount of the loan, including application fee and insurance fee. The home improvement loans are for low-income members. Those who qualify under the HUD income regulations can request up to $2,500.00 at 7% interest rate, for up to 5 years re-payment schedule. Also is requested to submit two job service forms with the estimates of the work to be done. For consumer loans as well as home improvement loans there is a % of shares the applicant must have saved for three months before he/she is eligible. It varies from 25% to at least 50% of the total amount to be requested.

BFCU provides the opportunity to apply for loans to members who are on fix income (DPA, SSI, SS), with a re-payment schedule based on their income ability to pay, independently of the amount of the loan. This also applies to working members as well. Credit check is only requested of those members applying for more than $10,000.00. Loan services fee are minimum and can be financed if necessary. Loan total amount can be re-paid at any time without penalty.
For low-pay workers, individuals living on fix income, for those who banking institutions have not provided access to credit, BFCU can become their alternative.

D. The target market

According to the 1980 census (figures well-underestimated for Latinos in Philadelphia) there were 37,351 Latinos living in Borinquen's field of membership. Of that total 19,400 were female, and 2,777 were single female households with children. The average income was $11,296.00. Sixty-four percent live in fix income and the rest in low pay jobs.

Based on resent research done by the Office of Councilman Ortiz, the Latino population has grown annually at a rate of 9.86%. Therefore, Borinquen's membership field total Latino population is estimated to have 87,102 individuals. Of that total only people above 15 years of age will be considered part of Borinquen's potential market for membership; and only those over 18 years old will be considered market for loans. Borinquen only had 1200 members in April 1990, which represents 1.36% of the potential membership.

The age bracket of 25 to 34 years old hold the highest percentage, 26.3% of the total potential market. The second largest being between 15 to 20 years old with 19.7% of the potential market. The groups (ages 20-44) will most likely demand adequate housing and employment. The needs for the older age group are more likely to be of health care, adequate housing, and travel. The needs of people below 20 years of age are of education and employment.
Of Borinquen's potential market, 50.1% are women of which 7% are single households with children. BFCU which gives 66% of its total loans to women reflects the statistics that women are in greater number, and are demanding more financial services than men. In our marketing strategy we must address the financial needs of the growing women population.

Many in Borinquen's field of membership are reluctant to seek financial services outside the neighborhood because of language barriers. Forty-five percent of the people in Borinquen's field of membership speak little English or none at all. This cultural and language differences is a hardship for those who need financial services, especially the elderly. This group with little or no English proficiency will be our second priority for our target market for loans.

E. Situation Analysis: the environment

For many years NCUA regulations were loose and federal examiners very relax about how business were conducted in credit unions. Community Development Credit Unions (CDCU) had some concessions and at times received operational funds from the federal government. After the S&Ls crisis, all financial institutions have been severely affected by tough regulations, but credit unions have been hit even stronger. The evaluation system has been changed, putting a lot of emphasis in the loan portfolio. Criteria to provide credit has become stricter and evaluation procedures are all mechanical, leaving the credit union to the odds of the computers.
that produces the comparative reports. This has put pressure in the board to tighten the credit policies, limiting our market.

Within the local environment there are some issues happening that although is not positive for the community, may put the credit union in a better position. For the last fifteen years the community has been loosing financial institutions and last week one of the banks announced the closing of one of the two branches left relatively close to the community. Analyzing the trend in the City, it is to be expected that the one left will close before the year ends. As of today the Latino community has been left without any financial institution in an area of 40 blocks south to north and 14 blocks east to west. This may prompt more working people and business people to consider BFCU as an alternative financial institution.

Other positive sign for the credit union is the Community Reinvestment Act (CRA), which has put some of the banking institutions in a positive relationship with the credit union to develop some joint venture projects. One of the perspectives is that some banks may buy mortgages from BFCU, if we start providing mortgages. If we have a secondary market willing to buy our mortgages we may seriously consider this market. Other possibility, more firm now, is that one bank is negotiating a joint project with us for their mortgage applications in our community. Under this plan we will do the initial application process and will be involved in the evaluation committee. BFCU will be
compensated for these services. Although this will not increase our loan portfolio, will expose the credit union to a larger market and will expand the possibilities for the home improvement loans and the consumer loans.

Other factor which is important is the relationship that BFCU has with other CDCs in the community. These negotiations with the banks have been a joint project that have prompted conversations about other possible projects, including providing loans to their clients.

F. Situation Analysis: the competition

The two most important competitors of the credit union are the cash checked agencies and the travel agencies (which are loan sharks).

The cash checked agencies have been established primarily to provide basic financial services such as cash checked and to sell money orders. Some of them provide notary services, translation and monetary transactions between Philadelphia and other Latin American countries. Some of them are also loan sharks. These businesses are "front stores", usually very deteriorated, run by the owner and some "associates" who provide the above mentioned services. The majority of these are not stable businesses and change owners frequently. There are only about three of them that have been in existence for more than 15 years, at the same location, run by the same owner.

These businesses provide relatively quick bilingual services, request only minimum I.D.s, cash government checks and checks from other countries with minimum requirements.
Their cash checked services are extremely expensive. They can charge up to 10% for cashing a check. Most of them do not request any legal papers to notarize documents but charge high fees. Their expertise in tax preparation is poor, which causes many complaints in the community.

The other businesses fullfilling the existing gap in financial services are the travel agencies (loan sharks). These businesses, although only corner stores, are handling a lot of money in the community. These are the ones providing the individuals with fix income the opportunity to "safe" their money, provide them loan services and cash their checks without the treat of having their D.P.A. or Social Security social workers in their backs.

The "saving" opportunity they offer is for these people to keep their money away from the burglar because they have to pay a fee for having their money there, but they do not receive interest back. They can make loans but usually at high interest rate (up to 25%), with short repayment schedule. They can cash their checks but most pay excesive fees, independently of the amount they may have "safe" there.

Both businesses have a captive clientele with minimum alternatives. A high percentage of these individuals have language barriers, no credit, have a lot of fear and/or have no access to other financial institutions.

Due to the fact that these businesses are not regulated neither monitored by any government agency, they are completely free of playing with the market. Their costs
for running the business is very low, but their return on investment very high. They do not have to market their product because there is enough demand. They do not have to maintain any business ethic because basically people have no other alternative. They are well established financially, with diversified businesses and are very well recognized civic leaders in the community.

Taking into consideration that they have no regulations to follow and little risk on their investment, they can make loans easier. They do not have to fill-out a lot of paperwork, request tones of documentation, wait for a credit committee to approve the loans. They have no bureaucracy, loans can be approved immediately as they can be collected with any method. For many people with no other alternative, interests, term or risk do not count when they have an emergency.

Their only weakness is the issue of being running an "illegal" operation. They will be vulnerable to any legal action, to I.R.S. or to any politician who may decide to behave decently at least once and request an investigation. They can also be vulnerable to a good educational and promotional campaign in the community about financial services by the credit union and other CDCs in the area. In the near future I do not visualize any of the above happening.

G. Situation Analysis: your organization resources and capabilities

Actually BFCU is surpassing the crisis of 1986. In the last three years our assets have been deeppled by $326,000.
We have been working against the odds to absorb all the losses, collect the delinquent loans, maintain the membership happy and growing, pay at least limited dividends, etc. In the meanwhile we have been obligated to move twice in the last year and NCUA tried for the second time to liquidate us for lack of operational income.

Within the last 3 1/2 years we have been able to develop a working team that can function in crisis but cannot live without it. Now the credit union is solvent, has been able to secure subsidy for the next two years and have established confidence in its membership and the community, but the board needs to learn how to function with the new demands.

While all these have been happening internally we still have to work on educating the community on the importance of building a solid financial institution for which everybody has responsibility for. We have to find mechanisms to maximize our services with the two staff members, while maintaining quality of services and accurate reporting to NCUA on time. We most increase our income base immediately to be able to increase our reserves, most needed to expand our loan services.

Within the limitations BFCU has the cash flow needed to increase loans considerably, has a functional new credit committee who can evaluate loan applications fast, effectively and efficiently. We also have the train staff person who can take the loan applications accurate and perform the underwriting as NCUA requires in a consistent and efficient manner. We have also established a loan collection procedure to mini-
mize delinquency. We have also retained the services of a lawyer in case that is needed for collection.

Our weaknesses still have a lot of weight on the possibility of marketing the loans. Our workforce is minimum, which limits our ability to provide other loans such as mortgages and car loans which require a lot of paperwork. A promotion for loans will also produce an increase of membership and other services which will even limit the staff more to process loan applications. Our reserves have been depleted and will take at least three years to build them to an adequate level to be able to start considering business loans. We are now in a precauriosus situation because our reserves for delinquent loans is low and because we have a low percentage in outstanding loans at any moment we are at risk of having a high delinquency.

Because of our past history our credit policy is somehow strict, which limit the ability of many members to make loans. There is a possibility that with the new NCUA regulations we have to even tighten it more.

H. Situation Analysis: SWOT

The overall situation my organization is facing can be summarized as follows:

Opportunities:

1. Lack of available financial institutions that Latinos can access to make loans at reasonable interest rate and terms.

2. Deposits insured by the NCUAIDC up to $100,000.00 per account, which provides more security to members.

3. Only financial institutions in the area run by
Latinos, monitored by the federal government, with which banks can develop joint venture projects for their CRA requirements in the area.

Treats:

1. Tight regulations of NCUA limits the possibility of diversification of loan portfolio and treatens the survival of the institution.

2. Fear of members of the community who are in DPA or S.S.I. to be prosecuted by the government if they deposit and/or make loans in the credit union.

3. Limitation of serving an unstable community which reduces the ability of lending money and increase the risks.

Strengths:

1. We have re-gained the community trust and support.

2. We provide credit at lower interest rate and longer re-payment schedule.

3. We provide other services to the members like saving opportunities with return on investment, free cash check services and low-cost money orders up to $1,000.

4. Members have the opportunity to be referred to other institutions for home improvement grants and other housing services.

Weaknesses:

1. We are limited by staff and economic resources for promotion and general operations.

2. We are a financial institution that still depends on subsidy which is a very unstable situation.

3. We are severely regulated by NCUA for loans and delinquency control.

4. We are not receiving enough income and maybe obligated to increase interest rates and service charges.

5. We cannot provide loan services to the public unless they become members and qualify under the loan policy.
I. **Tactic**

Credit is no longer a barrier, become a member of BFCU and you can have the opportunity to make consumer and home improvement loans at reasonable interest rate and re-payment schedule. Use other members money, while your savings are receiving dividends. Enjoy also free cash checking services and low-cost money orders up to $1,000.00. Do it today, do not waste your limited income in service charges and interests. D.P.A. and S.S.I recipients eligible.

J. **FOCUS GROUP: What is your research objective?**

I want to find out if the loan product of the credit union is accessible to members and potential members of the credit union, independently of level of income and/or source of income. Also I would like to do some preliminary assessment of other types of loans are on demand in the community.
The Capitalization Program

for Community Development Credit Unions

Round One -- 1990

Application Forms
APPLICATION SUMMARY

Capitalization Program for CDCUs

Credit Union  Borinquen Federal Credit Union

Year Chartered  1974

Contact Person: Socorro Rivera  Tel. (215) 425-8119
Mailing Address: 2757 N. 5th Street, 1st Floor Rear, P.O. Box 6834
Philadelphia, PA 19133

Date of this application: 5/24/90
Total deposits requested: $90,000.00

As of 12/31/89:
Assets: 648,357.53
Loans: 101,236.59
Delinq. Loans ($) 5,922.51
Members: 1,146

Which neighborhood or community do you serve?

The Puerto Rican/Latino Community of North Central Philadelphia

Brief description of your need and proposed uses for deposits:

Actually the credit union is in need of increasing its income to be able to achieve self-sufficiency. This deposit will be invested in loans that will generate income for the credit union and will provide a needed service in the community.

How do you propose to match these deposits with additional deposits from your members or other depositors?

Forty percent will be match with members deposits and sixty percent with deposit from Latino organizations in the area.
CAPITALIZATION PROGRAM -- "BASIC APPLICATION"
Deadline: May 25, 1990

PART I. BASIC INFORMATION

Name of Credit Union: Borrinque Federal Credit Union

Mailing Address: P.O. Box 6834, Philadelphia, PA 19132

Street Address (if different): 2737 N. 3rd Street, 1st Floor Rear

City: Philadelphia State: PA Zip: 19133

Amount of deposits requested: $90,000.00 Year chartered: 1974

Who should we call for further information about this application?

Name: Socorro Rivera Title: Manager

Telephone (day): (215) 425-8119 (evening): (215) 765-8724

(1) Have you been officially designated as a "low-income credit union" by the National Credit Union Administration?

_X_ yes (Please include a copy of NCUA correspondence designating your credit union as low-income.)

___ no, but our application is pending

___ no, but NFCDCU's deposits would be insured as a member deposit

(2) What is the total amount of deposits (if any) which NFCDCU currently has on deposit at your credit union? $ None

(3) If NFCDCU awards you the amount you request, will you need a waiver from NCUA to accept these funds? (Waivers are usually required when a credit union has more than 20% of its share deposits from non-members.)

_X_ yes ___ no ___ unsure

Please explain: If some of the deposits came from organizations which are not in our membership field and have to be accepted as non-member deposits.
(4) Please provide the following financial information.

<table>
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<tr>
<th></th>
<th>12/31/89</th>
<th>6/30/89</th>
<th>12/31/88</th>
<th>12/31/87</th>
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</thead>
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<tr>
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<td>648,357.53</td>
<td>654,004.48</td>
<td>501,496.26</td>
<td>330,326.49</td>
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<tr>
<td>Member Shares</td>
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<td>526,827.18</td>
<td>422,867.75</td>
<td>273,270.35</td>
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<tr>
<td>Non-Member Shares</td>
<td>50,000.00</td>
<td>50,000.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Loan $ Outstdg.</td>
<td>101,236.59</td>
<td>91,203.39</td>
<td>69,096.34</td>
<td>54,907.51</td>
</tr>
<tr>
<td>Total Loan $ delinquent</td>
<td>5,922.59</td>
<td>28,178.44</td>
<td>31,600.65</td>
<td>49,434.98</td>
</tr>
</tbody>
</table>

Dividend rate on:
- regular shares: 4%
- share certificates: 4%

Number of members: 1,000

(5) What is your current dividend period?

- X annual
- ___ semi-annual
- ___ quarterly
- ___ monthly

(6) (If your credit union is three years or older): Have you failed to pay a regular dividend on shares at any time within the last three years?

- ___ yes
- X no

If yes, explain circumstances:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(7) What is your most recent rating ("CAMEL" code), given by your NCUA examiner? (THIS INFORMATION WILL BE KEPT CONFIDENTIAL!)

Please circle one: 1  2  3  4  5

(8) Please estimate the percentage of your loan dollars which go for the following purposes.

- 32% housing (renovation, rehabilitation, or purchase)
- 0% small, minority, or women-owned business
- 8% education
- 0% nonprofit organizations
- 50% personal (medical, household, etc.)
- 10% other (type: consolidate debts, primarily utilities bills)
PART II. MATCHING FUNDS

(1) Please describe briefly any past accomplishments of your credit union in obtaining matching funds (deposits, grants, or other monies) from non-member sources, including foundations, local government, corporations, etc. Indicate the source and amount of funds raised. Also, describe any special membership campaigns, grassroots fundraising, etc. which have been successful for your credit union. (Use extra sheets or attach printed material if necessary.)

SEE ATTACHED

(2) Have you applied to NCUA for deposits from the CDCU Revolving Loan Fund?
   ___ yes  X no

   If you have applied, what is the status of your application?

(3) Matching Goals. In total, please give your best estimate of the additional funds from all sources, both member and non-member, which a deposit from NFCDCU would generate.

   For every $10,000 of NFCDCU deposits, our credit union would attract:

   $4,000 in individual member shares.

   $6,000 in organizational or non-member shares.

(4) Describe your plans for achieving these goals. Please list any foundations, corporations, churches, government agencies, etc. whom you have already approached, or plan to approach, in order to obtain matching deposits. If you have firm commitments from any of these sources, please indicate this.

SEE ATTACHED
PART III. YOUR COMMUNITY -- AND HOW YOU HAVE SERVED IT

(1) Briefly describe the neighborhood or community you serve: its special problems, its needs, and its goals. (Use extra sheet if necessary.)

SEE ATTACHED

(2) Has your neighborhood or membership recently experienced bank branch closings or a loss of banking services? Please describe.

SEE ATTACHED

(3) Please estimate the percentage of your membership whose household income falls in the following ranges.

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>below $10,000</td>
<td>60%</td>
</tr>
<tr>
<td>$10,000-$15,000</td>
<td>22%</td>
</tr>
<tr>
<td>$15,000-$20,000</td>
<td>10%</td>
</tr>
<tr>
<td>$20,000-$25,000</td>
<td>5%</td>
</tr>
<tr>
<td>$25,000-$30,000</td>
<td>2%</td>
</tr>
<tr>
<td>above $30,000</td>
<td>1%</td>
</tr>
</tbody>
</table>

(4) (Optional) Please estimate the percentage of your membership that would fall within the following categories.

- Black: 1%
- Hispanic: 98%
- White: 1%
- Asian-American: 0%
- Other: 0%
- Female: 60%
- Male: 40%
- Public assist.recip.: 60%
- Over 60 years of age: 30%
Part II. Matching Funds

(1) BFCU has been able to fundraise an average of $50,000.00 annually from the Philadelphia Foundation, PNB, and Fidelity Bank for general operations. Also, we were able to obtain a $50,000.00 deposit from the City of Philadelphia. Although BFCU has not conducted any coordinated marketing campaign, we are opening approximately 20 new accounts monthly. For the month of May we had one radio talk show and we already have 40 new accounts for the month. The Education Committee will conduct a series of educational and promotional activities during the summer months, through the churches and spanish media to outreach the community.

(4) a) As it relates to the individual member shares we will conduct a grass roots campaign through the local churches in the community and spanish media(which some already offer free space and/or time).

b) For the organizations the board will contact the Boards of other Latino organizations to solicit their deposits. One organization already offered a $10,000.00 deposit.

Part III. Your Community - And How You Have Served It

(1) BFCU serves the Puerto Rican/Latino Community of North Central Philadelphia, comprise of about 100,000 total population; which about 30% of the latino population are non-English speaker and of BFCU member about 70% are non-English speaker. Based on the City's most recent reports this is the most devastated and poorest area of the City. Within the area serve by BFCU there is only one bank left which the majority of the community has no access because of language barriers and red-lining.

This has motivated a group of Latino.CED organization-of which BFCU is part of, have been working together in developing a plan to channel funds for housing and economic development in our community. To accomplish our goals, we have been meeting with PNB, Mellon Bank and the Office of Housing and Community Development to explore some alternatives. BFCU plays a significant role in this negotiation.

(2) For the last ten years our community has suffered from the absence of banking institutions we can access within our boundaries. Most recently, PNB has announced the closing of one of its branches that was located somehow near to the community. There were only two branches of banks somehow near our community boundaries.
(5) Does your credit union now provide special services or programs to any of the following groups?

- [ ] senior citizens
- [ ] homeless
- [ ] youth
- [ ] women
- [ ] disabled/handicapped
- [ ] recent immigrants
- [ ] substance abusers
- [ ] ex-offenders
- Other ____________________

Comments:

(6) Please describe your credit union's accomplishments in serving your community. Include any joint programs or efforts you have conducted with other neighborhood organizations. (Use additional sheets as necessary.)

BFCU is becoming a real and most needed banking institution alternative to our community, primarily to those who traditional banking institutions fail to serve because of red-lining, racism and exclusionary regulations. It is also becoming and educational tool for teaching our community saving patterns and to help establish credit. It has also worked together with other CDC's in developing strategies to channel funds into the community, through negotiations with banking institutions, government agencies and foundations.

(7) Does your credit union participate in any programs with city or state agencies? If so, please describe.

The credit union has been participating of the Home Improvement Loan Program for low income people funded by HUD through the Office of Housing and Community Development of the City of Philadelphia.
PART IV. YOUR CREDIT UNION’S PLANS

All applicants are requested to hold a special planning session of the credit union’s Board and/or committees, to discuss (a) your overall growth plans; (b) how, specifically, NFCDCU deposits will help you meet the needs of your community.

(1) Please indicate when this group met, and who participated. If you completed an overall plan for the credit union, please include it with this application.

A board session was held in November to discuss the three year plan (see enclosed). All board members were present.

Based on your planning process, please answer the following questions.

(2) For what purposes will you use the deposits you receive from NFCDCU? How will these purposes address the community needs you have identified in Part III of this application?

The deposit will be used to expand our lending for home improvement to all members (not restricted as the City funds are). Also we are interested in providing mortgages loans starting on 1991 and loans for members interested in housing coops to buy their requested equity shares. These programs are to be implemented in cooperation with other CED organizations.

(3) Please list your credit union’s financial goals for the next three years (growth in shares and loans; dividends, delinquency, etc.). Be specific. Please indicate how you arrived at these figures.

<table>
<thead>
<tr>
<th></th>
<th>(Current)</th>
<th>12/31/90</th>
<th>12/31/91</th>
<th>12/31/92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>697,663.55</td>
<td>800,000.00</td>
<td>920,000.00</td>
<td>1,040,000.00</td>
</tr>
<tr>
<td>* Loans Outstdg.</td>
<td>132,350.66</td>
<td>172,350.66</td>
<td>232,350.66</td>
<td>292,350.66</td>
</tr>
<tr>
<td>** Total delinq.$</td>
<td>12,286.82</td>
<td>10,000.00</td>
<td>15,000.00</td>
<td>18,000.00</td>
</tr>
<tr>
<td>Reserves</td>
<td>29,459.72</td>
<td>35,000.00</td>
<td>45,000.00</td>
<td>55,000.00</td>
</tr>
<tr>
<td>Dividend Rate</td>
<td>4%</td>
<td>4%</td>
<td>4½</td>
<td>4½</td>
</tr>
</tbody>
</table>

* Based on actual members not including projected program in this proposal.
** Includes some delinquent loans from previous years, when the credit union had the crisis.
(4) What member services do you plan to add, if any (e.g., share drafts, mortgages, check-cashing, etc.)? What is your timetable?

1. Mortgages ----------------------------------1991
2. Saving Clubs-------------------------------1991
3. Certificate of deposit for non-profit org.-----1990

(5) What are your credit union's goals, if any, to increase membership? How do you plan to achieve them?

We would like to increase our individual membership by 30% by 12/90. We will also approach the non-profit organizations in the community for organizational membership and staff membership. This campaign is being conducted by the education committee, which has already prepared a plan submitted to the board on March 1990 (see attached). The education committee will use the Spanish Media, the Hispanic Clergy Association and the established community organizations to outreach the community as well as the staff of the organizations. A letter will be send to all Latino organizations' board of directors to solicit their membership and deposits in BFCU. When requested the education committee will make presentation to other organizations.
PART V. SUPPORTING DOCUMENTS

Please enclose copies of the following documents with your application.

☐ Semi-Annual Financial and Statistical Report
   (NCUA Form 5300 or post-closing financial and statistical report) for:
      ☑ Dec. 31, 1989
      ☑ June 30, 1989
      ☑ Dec. 31, 1988

☐ Your MOST RECENT monthly financial and statistical report.
   It must include loan and delinquency information.

☐ Your most recent examiner's report. THIS WILL BE KEPT CONFIDENTIAL!

☐ A copy of your charter (indicating your field-of-membership) and your limited-income designation letter from NCUA.

☐ Any additional material which you feel will help us to better understand your credit union and your community. This may include brochures, proposals, business plans, newspaper articles, etc.

THANK YOU FOR YOUR COOPERATION!

IF YOU HAVE QUESTIONS ABOUT THE COMPLETION OF THIS FORM,

PLEASE CALL US!

National Federation of Community Development Credit Unions, Inc.
Attn: Errol T. Louis, National Program Officer
59 John Street, 8th Floor. New York, N.Y. 10038
(212) 513-7191
Torn by the tug of two lands

The hope of jobs here, the lure of family there. For Puerto Ricans, it's an ongoing dilemma.

By Doreen Carvajal, Nancy Dubin and Frances-Marie Salguero

Angelo Navarro is hunched deep in a waiting room chair at Philadelphia International Airport, his eyes red and puffy.

In a few minutes, the skinnier, freckled teenager will board a plane to go live in Puerto Rico—again, for the second time in six months.

A week ago he had smiled at the prospect. This morning he cried and pleaded with his parents to stay in Philadelphia.

On Navarro's final day at school, his teacher, Cynthia Alvarez, had tried to comfort him and then offered a prediction:

I know I'm going to see you again.

She is probably right.

Angelo Navarro can catch an afternoon flight and reach Puerto Rico in time for school. For him and for thousands of Philadelphians, Puerto Rico is easy travel has stretched loyalties and the meaning of home.

In home Puerto Rico, where he was born and where his grandmother still lives in the town of Canovas, or it is the gritty Howard Street neighborhood in North Philadelphia where he grew up?

Unlike the others who migrated here and cannot easily return to their homelands, many Puerto Ricans shift between two cultures, two languages, two lives.

They are burdened by competing forces—the pull of the U.S., mainland, offering hope of wealth, and the tug of a tropical island that offers the comfort of family and home.

For many Puerto Ricans, the tug is also one between the life of a rural island community and the pressures of life in a big city.

The result is a people who have had to learn, quickly, to cope with two different worlds, but who are not completely at home in either.

"Back and forth, back and forth," is how Lillian Friedman-Hocker describes it. Executive director of the Governor's Advisory Commission on Latino Affairs, she says that impermanence "plays havoc with the family.

It plays havoc with life, health matters, Pre-schoolers aren't vac...
Sylvia Alvarez enters the discussion with her student: "It's very important to me that they have a sense of identity."

 affliction. For many people and their children, the source of the problem can be traced back to a time when they were young and had limited access to resources. For others, the problem is rooted in the systemic issues that have persisted for generations. It is a complex issue that requires a multi-faceted approach to address.

The problem of educational underachievement is not limited to Hispanic students. It affects students from all backgrounds and ethnicities. It is a problem that requires attention and action from educators, parents, and the community at large.

The challenge of addressing the root causes of educational underachievement is significant. It requires a commitment to providing equitable opportunities and support for all students. It requires a recognition of the systemic issues that contribute to the problem and a willingness to work together to address them.
The Philadelphia Inquirer
Monday, May 7, 1990

Puerto Ricans: Adrift in Two Worlds

LATINO, FROM 1-4

led to a blossoming of Latino business and culture here, and the emergence of a resili-ent middle class.

For Maycon Navarro, 15, the draw of the island meant that this school year he spent two months here, two months there, and another two months here.

"We came here cause they said the rent was low and you could make a lot of money. And then we didn't make the money, so we're going back to Puerto Rico," he said.

One result of the back and forth is that Navarro can now read and write in his sec-ond language, English, but he did not attend school when he stayed in Puerto Rico this year, and so now he worries about his future: "It's going to be hard. I don't know how to write English." Benito Ramos knows how hard it is to be caught between two worlds. For him, the movement back and forth to Puerto Rico of his brothers and sisters "is a divided family... you lose touch with them."

Ramón, 13, a local Puerto Rican health agency official, has lived in Philadelphia 18 years and has seen his family split apart by the pull of the island. He has nine brothers and sisters, all of whom at one time lived here. Now six are here, four are there and another brother divides her time between them.

But he knows it could be worse.

"We meet marriages today, and half of the kids are here, half of the kids are there. Children live in the families not here. We've seen brothers and sisters don't know that they're uncles and aunts. And it's sad, it's a tragedy."

This has hurt his brothers, he said. "The younger ones, in Puerto Rico, they're not part of our family. I told them they're each other's families, but they're not related, so it's not the same."

They do go back — and then usually return here. The premise of mainland affluent-ness becomes an addiction," he said.

That "addiction" — combined with a high birthrate — is the move out of New York by many Puerto Ricans — has led to a signifi-cant growth in Pennsylvania's Latino com-munity in the last two decades in the Latino population here has doubled, to about 130,000, according to the city's community officials.

Migdalia Rivera paints a mask at the taller Puertorriqueño, Latino cultural center. It has nurtured artists, writers, poets, filmmakers and musicians.

Constantly moving between two lands plays havoc with Puerto Ricans' Health care, education, political power — all suffer from the movement back and forth.

"If you come to a place and you're not able to be economically assimilated, the impact can be in the pathology of poverty crime, drug abuse, dropouts," he said.

So Manuel Rodriguez discovered when he came to Philadelphia from Puerto Rico, with three years of college, in search of a better chance. But the city's education system is often unable to help students like him.

Navarro was a reluctant student at the Bilingual Middle Magnet School, where he learned about reading, writing, mathemat-ics, and science. "No teacher said Navarro barely attended class last year be-cause he was frustrated with having to many substitute teachers.

The magnet schoolNavarro attended at the

unaided public schools in District Five and Seven, which follow the Fifth Street corridor from North Philadelphia through Olney. There are shortages of teachers, much needed, science materials."

Today, the city's Latino students are con-sulted in a number of schools in areas North Philadelphia, the river wards, and Olney and the lower Northeast District of the city's affluent white schools have Hispanic majorities.

For months, school district officials have been looking for a way to ease overcrowding in these elementary schools. Some students are now serving more minutes on a bus every day to reach a school with adequate room. School officials are working for the school board to help build new Catholic schools will become available.

But even in city Catholic schools — where general enrollment is declining — the num-ber of Latino students in elementary schools is on the rise, increasing from 4 percent of the school population in 1985, to 8 percent, or 2,400 students, in just two years.

Laid down a bag of hamburger to count on his fingers for the air. At 8, he came here from Puerto Rico with his parents, who found work here for better children, and better wages to be "a restaurant.

Navarro was a reluctant student at the Bilingual Middle Magnet School, where he learned about reading, writing, mathe-matics, and science. "No teacher said Navarro barely attended class last year be-cause he was frustrated with having to many substitute teachers.

The magnet school Navarro attended at the
are stretching the loyalties of Puerto Ricans

Philadelphia is seeing a blossoming of Latino culture. A vibrant core of shops and nightspots brings North Fifth Street alive. And there are hopes for a Spanish version of Chinatown.

Juanita and Arnoldo Vilchez at A & J Discount Boners, their Hunting Park store. They've watched the Latino commercial district grow up around them.

Dr. Norma I. Rivera examines Felicita Montes at Girard Medical Center.

Abandoned its Center City quarters, has anti-graffiti efforts. They have also been targets of violence.

Americans have nearly doubled, said Jersey Bernard, vice president.

"Their presence is increasing, and we are now seeing a new wave of activity in the area."

"It's a great day for us," said Jersey Bernard, "and the future looks bright for the Latino community."
abandoned its Center City quarters, has
moved to a location on Fifteenth and
Kearny. It now has a new name, the
Auburn Restaurant. The new site, a
downtown location, is more convenient
for downtown workers and shoppers.

In all, there are more than 100 businesses
in the new section. According to Gary Chu,
director of the Cultural Center Project,
early eight businesses were purchased by
Leihaan and others. There are just two
vaccinations, he said.

At the southern end of the strip near
Leihaan, there is an association of 75 busi-
nesses — most owned by Hispanic — and
the vacancies have decreased from a high of
15 in 1968 to four.

“Just to make sure there’s no mixup,
we’re going to call it the Cultural Center Project of
Philadelphia — people who buy discount
vaccination,” Sauer said. “We want to have a
variety of stores and a variety of races to
have a more international flavor.”

When Johnny braxton came to Phila-
adelphia from Harlem ten years ago, culture in
the Puerto Rican community was viewed as
the “community of the Puerto Rican people and
economic development. To be sure, the
that is an area where there is a
growing number of Hispanic-owned
businesses.”

After the new city officials visited
Leihaan, they decided to push for
the Puerto Rican Business Association
and others to organize to increase police
presence.

Along the way, the struggle continues
with a lot of complaints — aggressive phone
vandalism, stealing and other crimes.

A new development team was formed
last year and a few of the city’s most
Successful neighborhood and business
leaders in eastern North Phila-

There’s a major change taking place
in the Puerto Rican community. People are
moving to find more space and
Leihaan, an area in the city that
is becoming known as the
cultural center. To be sure, the
development team is
very much aware of the
problems.

In the short history of the Puerto Rican
community in Philadelphia, the
Fifteenth and Sixth Street corridor is
the golden block — has traditionally been the most
commercial center.

The pace of change is quick in this
urban village. The hardware store
was recently converted to a small
beauty salon owned by Puerto Rican
business owners, according to
Leihaan. The next step is
expected to be the expansion
to Seventeenth Street.

The street is broad, lined with
produces, flowers, and
other items. It is
characterized by a
cultivated ambiance,
with a mixture of
businesses and
residential areas. The
street is bordered by
buildings with
architectural elements
such as cornices,
arches, and
carved woodwork.

The presence of art is strong in
the Puerto Rican community. The
Fifteenth and Sixth Street
corridor is known for its
cultural organizations and
museums, such as the
Philadelphia Puerto Rican
Museum and the
Latin American Cultural Center.

The City Council recently approved
a $2.5 million loan to support the
development of a new cultural
center on Sixteenth Street, which
will include a performing arts
venue, a theater, and
art galleries.

In addition, the City Council
approved a $1 million grant
for a community garden
project on Fifteenth Street,
which will provide space
for residents to grow
vegetables and
flowers.

The City Council also approved
a $500,000 grant for a
Youth Arts Program, which
will provide opportunities
for young people to
participate in the arts.

In conclusion, the Puerto Rican
community in Philadelphia is
continuously growing and
changing, with a strong
focus on cultural preservation
and development.
...but what many have found here falls short

Puerto Ricans have the highest high school dropout rate and the lowest test scores. And schools in some predominantly Puerto Rican sections are severely overcrowded.

Spring Garden children work on a mural at 17th and Wall. Photograph by J. Lofaro. The Inquirer.

With U.S. citizenship, Puerto Rican children could enter the country, unlike their grandparents who had to have more resources to move. A "lot of people coming were really very poor," said Feldon. "It was much more similar to the black experience of moving from the South." The trend of immigrants began to slow in the 1930s, with the opening of two direct air lines from San Juan to Philadelphia. "From a population of 500,000 in 1930, the Puerto Rican community swelled to 14,000 in 1960. It doubled again in the next decade, to 26,000, and almost doubled again during the 1970s, to 71,000, according to census figures." Puerto Ricans make up 45 percent of Philadelphia's Hispanic population, according to a 1991 Temple University study.

This growth was spurred by a mix of Puerto Ricans leaving the island for economic reasons. By 1960, more than 40 percent of Puerto Ricans lived in the mainland. The Puerto Rican government estimates that five times as many people left the island as in the previous decade, which was about 7,500.

While the average income in Puerto Rico is just $1,000 below the national average, many Puerto Rican workers are still stuck in low-paying jobs.

In conclusion, Puerto Ricans face a variety of challenges. They are the highest in high school dropout rates and the lowest in test scores. Schools in some predominantly Puerto Rican sections are overcrowded.

Puerto Rican community leaders are working to improve the situation. They are advocating for policies that will help close the gap in education and provide more opportunities for their community.
Seeking the good life, finding it elusive

Philadelphia is displacing New York as a magnet for Puerto Ricans. They have come looking for the good life. Some have found it. Many have not.

Puerto Ricans: Adrift in two worlds
First of two parts

By Doreen Carvajal, Murray Dubin and Denise-Marie Santiago
Inquirer Staff Writers

The middle house with the tidy porch is theirs. Their first.

Rooms are freshly painted. There are new carpets and plump, flowered sofas. A framed photo of a wedding kiss on the wall.

Inside, the young housewife tends her son and daughter while her husband works at a sweater mill.

Here, along the alphabet streets of Feltonville, Puerto Ricans like Jose and Yolanda Maldonado have settled, venturing north in search of a better future.

"Paso a paso," Jose Maldonado says. "Step by step, we have done it."

For Maldonado, the rowhouse on B Street is the dream achieved, a little piece of American success that he has carved from the harsh streets of Philadelphia.

For thousands of other Puerto Ricans coming from San Juan — and, for that matter, from New York — it is the dream achievable.

This is the future that looks so promising from the window of a quick flight from Puerto Rico or from an overpriced tenement in the Bronx. And so, the Puerto Rican population here grows.

New York once was the magnet. Now Philadelphia and a few other cities are displacing New York as the destination of Latinos seeking jobs and a better life.

But daydreams at 30,000 feet of a golden future sometimes crash hard on the cracked streets of Philadelphia. Even as some Puerto Ricans here are thriving, many become disillusioned fast — struggling with low-paying jobs, inadequate schooling and deteriorating neighborhoods.

In the last decade, the city's Latino population — primarily Puerto Rican — has burgeoned. Today, estimates are that:

- One out of every 11 residents of the city is Latino.
- One out of every 10 students in Philadelphia public schools is Latino.
- Half a dozen neighborhoods in North and Northeast Philadelphia have sizable or predominantly Latino populations.
- 150,000 Latinos now live here, twice as many as in 1980, by the count of the city, the state and Latino leaders. (The Census Bureau thinks the number is lower.)

From a small settlement in Spring Garden, the Puerto Rican community has grown and fanned out northward, planting (See LATINO on 14A).
Visiting Puerto Rico,
Gilberto Gonzalez was asked, "Are you a New Yoricman?"
"No, I'm from Philadelphia."
"Ohhh, a Philly Rican."

16th Street in Spring Garden, where Puerto Ricans first settled in the city.

Jeanette Marquez, 33, moved here from the Bronx a year ago in search of affordable housing. She has only been here for a year and a half. She says she's not a New Yoricman for her family. It's too quiet. New York is too wild, she said.

She wants to buy a house. Nineteen thousand dollars is all she can pay. "New York — oh forget it," she said. "It's too expensive. Everything is expensive."

She started making weekend visits to Philadelpahia about two years ago. Eventually, she moved in with her cousin, who lives on North Second Street in North Philadelphia not far from Norris Square Park. "I want to go further up — like to Roosevelt Boulevard. I want a nice place because I've got three kids — not an area where there's drugs."

Frances Negron-Muñoz and her roommates, Alba Martinez, bought a $30,000 three-bedroom house in Olney last August on a block blooming with gardens and children. Negron-Muñoz said she suspects that some of her white neighbors may resent "upwardly mobile Hispanics and blacks" because there was little interaction between them.

Overall, however, she said she is satisfied. She promotes the neighborhood. "People are really nice living here. They say it's great. Ethnically mixed. The racial tension is low. It's like discovering a new land."

The city has pursued a policy of describing the city's growth as "marginalization and attempts at intimidation." In October, Madeline Bohannan, who is white, was watching at her home in Konington near Broad and 16th Streets when two dark-skinned Hispanic children and struck her in the face. "They said, 'Spic, get out of this neighborhood.' This is a white neighborhood. They spit on me," Bohannan said the experience so scared her that she could not sleep and

"If you're a little darker than I am, then you're not allowed to walk around here. It doesn't make any sense to me."

A 15-year-old North Philadelphia school boy named Angel Hernandez was assigned to write an essay about life for Puerto Ricans in Philadelphia. His response:

"How I feel in Philadelphia? Not that good. Because sometimes if you don't speak English you can not walk to their place, they get some guns and get some glass and chase us."

Since Negron-Muñoz happened to Puerto Ricans in communities across the state, said Escobar-Haskins of the Governor's Commisison on Latino Affairs, the growth and movement of one community has squeezed the people of another, who have limited resources and money.

"They see so-called foreigners, many of them loud and outsiders. You're going to see a lot of violence," said Edward Bohannan, chair of East Oak Lane. He is executive director of ASPERA, a Puerto Rican education group.

For years, the threat of violence flared in some of these changing neighborhoods. The killings of two youths — one white, one Puerto Rican — raised tensions. One was the death of Steven L. V., a white Port Richmond resident who police said was beaten and shot by a group of Puerto Ricans. The other was the death of Stephen Crespo, 15, a Puerto Rican from Feltonville who was hit with a lug wrench thrown at his car at 16th and Tioga in a dispute over stolen hubcaps, according to police. The assailant was eventually convicted of attempted murder. In the case, the prosecutor explained that authorities were slow to bring charges.

The heat of the controversy that followed, a number of anxious white Feltonville residents talked about selling their homes. Their homes are seen as landmarks.

It was at that point that the Human Rela- 

tions Commission decided to conduct the human relations surveys.

While other groups "fight to keep what they have," State Rep. Ralph Acosta of Phila- 

delphia said, his community struggles. "It's going to be a continuous struggle against drugs, against trash."

Millions of immigrants this century crossed the ocean to America, many of them fleeing religious intolerance or political ter-
Latinos come here in sea

LATINO, from I-A
tender new roots in such middle-class neighbor-
hoods as Olney and Juniata Park.
They've gone to Ludlow, Hunting Park, north of Spring Garden into Feltonville, into the alphabet," said Councilman Angel L. Or-
tiz, a Puerto Rican who lives in Spring Gar-
den.
Once, few Puerto Ricans strayed west of
Front Street in Kensington. Today, many
own homes there. Many also live in the city's
poorest sections and struggle to protect their
young from crack cocaine, teenage pregnan-
cy and crushing poverty.
The rapid growth in the 1980s stems from a
mix of newcomers — airborne migrants
from the island, disgruntled "New Yorkans"
and a high birth rate among Latinos already
here. Friends and relatives have followed, in
a steady chain of migration.
Historically, Puerto Ricans migrated to
New York City. But for many today, New
York has lost its allure.
"People don't go to New York anymore....
They don't go to New York because of the
crime wave.... Everyone knows the barrin
in New York is purgatory," said Joseph O.
Prewitt-Diaz, a Puerto Rican who is a consul-
ant on migrant education to the Pennsylva-
nia Department of Education.
Instead, Puerto Ricans are now going to
Massachusetts, Florida, Texas, Hawaii, Con-
necticut — and Pennsylvania.
"I would rank Philadelphia number one," said Prewitt-Diaz, an associate professor of
education at Pennsylvania State University.
"There are four airlines flying to Puerto Rico
out of Philadelphia." They are drawn here by the availability of
jobs, affordable housing, a sizable Latino
community and the closeness to San Juan —
just a 3½-hour flight and a $287 ticket away.
"You can still buy a home here for under
$30,000. As bad as the problems are in the
city, Philadelphia still represents a desirable
changeover New York," said Andrew Com-
pagnola, a Hunting Park funeral director
whose clients are — unfairly — Puerto Rican.
Lillian Escobar-Haskins, executive director
decor the Governor's Advisory Commission
on Latino Affairs, estimates that there are
300,000 Latinos in Pennsylvania, about twice
as many as in 1980. Nine of 10 are Puerto
Rican, she said, about half of the state's Latino live in Philadelphia. (Latin Americans generally prefer Latino to Hispanic, a
term governments use.)
Latinos also are settling in the smaller
cities of York, Bethlehem, Easton, Reading
and Lancaster, Escobar-Haskins said.
The increase here is just part of a larger
migration. In the last decade, the number of
Puerto Ricans on the mainland has grown
21 percent, to 25 million — more than three
twentieths of the island's current population.
Basic changes in the island's agricultural
economy have produced large numbers of
childhood and surplus workers, who have
been forced to migrate elsewhere for jobs. By
1980, more than 40 percent of Puerto Ricans
lived outside the island. As U.S. citizens, they are
free to move back and forth.
In Philadelphia, the rising numbers have
nurtured a lively Spanish culture that was
not visible here 10 years ago — from salsa
acrobatics to a new bilingual journal of
poetry, from street festivals to masa-making
workshops. New Latino businesses have opened in
once-empty North Philadelphia storefronts.
Neighborhood commercial strips have
been revived. And some entrepreneurs dream of
drawing tourists to a Spanish equivalent of
Chinatown.
While poverty continues to be a serious
problem, there are signs — the first signs —
of a small, emerging middle class.
The membership of the Hispanic Bar Asso-
ciation has more than quadrupled since it
was formed in 1983 with 25 attorneys.
Eleven years ago, there were 26 Hispanic
police officers, or less than half of 1 percent
of the police force. Today, there are 187
Hispanic officers — most of whom are Puerto
Rican — composing 3 percent of the force.
Home ownership among Latinos in the city
grew 110 percent between 1975 and 1985, to
10,300 units. And last summer, 200 youngsters

Yolanda and Jose Maldonado say the rosary after dinner each even...
At St. Henry's, the signs of change

By Debra-Marie Santiago

The elderly parishes are stiffly as the priest receives the familiar world of German in German.

A few hymns at their native tongue, the music, liturgy, and traditions of Germany.

At the final blessing, the parishes shuffled about, the aisles, and then the Mass began. The doors opened and closed, and the crowds gathered and dispersed.

Within minutes, the pew filled with 450 people, all seated and waiting for the service to begin.

As the Mass continued, the sign of change was evident as the older, more experienced parishioners took their seats, while the younger, less experienced took the back rows.

The newer families simply cannot afford to attend the church as often as the older families.

Support for the social services is also being cut in the form of new concrete buildings and new parishes.

The sign of change was also evident in the congregation's attendance at Mass. The number of people attending Mass has dropped significantly.

The sign of change was evident in the Brazilian community, where the number of people attending Mass has dropped significantly.

At St. Henry's, the signs of change were evident in the attendance at Mass. The number of people attending Mass has dropped significantly.

Around 65 percent of the 5,000 families registered at the church are Latino-majority Puerto Ricans, according to Father Michael. Twenty percent are of German descent, with the rest being of various ethnic backgrounds, such as Portuguese, Irish, and Italian.

"There were problems, naturally," Father Michael said.

"There were natural problems, such as language barriers, which affected the attendance at Mass." The sign of change was evident in the attendance at Mass.

But the changes at St. Henry's reflect the changing landscape of Philadelphia's Catholic community. The sign of change was evident in the attendance at Mass.

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Project Report:
Borinquen Federal Credit Union

Presented to: David Miller
Prepared by: Jose A. Rivera-Urquidi

I. Reorganization of Board.

This action was needed for the following reasons:

- Need to have quorum in all meetings by NCUA regulations by reducing from 9 members to 7 members board.
- Need to have working committees particularly credit and supervision.

II. Do banks offer free training programs to community groups?

- Banks offer programs for Credit unions.
- Loan officer training was just offered by Bank (PNB) to Borinquen Federal Credit Union.

III. Are there any problem areas?

- Funding - IRS is auditing the community organization (501c-3) who is servicing as the conduit for the credit union funds provided by a local foundation. A 15,000.00 grant has been received but it has not been able to be cash until this problem is resolve.
- Cebec (the network of organization of CEOs) is having organization issues which are treating its existence.

- Other Activities
  - Staff Training:
    o Assistant Manager President participated on the National Federation of Credit Union Annual Conference held in San Diego, California during May 24th.
  - Education/Promotion Committee:
    o Socorro Manager had a 1 hr. talk show
      at one of the Spanish radio stations.
    o 20 new accounts have been opened
      since the program.
  - Supervisory Committee:
    o Committee has retained the services of an accountant to finalize the internal audit.
    o Accounts verification was completed.
  - BFCU continues to participate in PHILCUP
    and its sharing the planning committee.
  - Fundraising:
    o The last bond claim submitted and
      on 1983 losses were settlement for
      3,500 of the $5,000.00 in the 1st period.
    o Bonding Insurance was increased up to
      500,000.00 based on a positive recommendation
      of the insurance company audit.
During the last four months we have been working on more concrete plans and documents for the credit union. Two documents have been drafted for board approval, the personnel/board manual and the marketing strategy for loans (see attached).

After several months dealing with the computers' bids, a proposal was submitted to the Philadelphia National Bank. Although we were expecting to have the computers for the end of August, the bank is now requesting a comprehensive plan for development from Ceiba in order to release the check. This may delay the acquisition of the computers.

We have also been meeting with PHILCUP, a network of community development credit unions and local banks. Some problems have been confronted and as a result Philadelphia National Bank called a "special" meeting with a group of banks' representatives and the two of us. This was an important meeting where we discussed strategies to make this network produce a concrete and effective plan to support the four community development credit unions left in the area. We consider that this meeting has given BFCU some leverage with the larger banks in Philadelphia to support our credit union and to strengthen the neighborhood credit union movement in Philadelphia.

In this meeting we stressed the importance of being supported for self-sufficiency, not to become dependent on banks' grants (meaning charity). We discussed the need to develop joint venture projects to serve the financial needs of low-income communities and to strengthen the income base of the credit unions. We also discussed the need for planning, technical assistance and training.
for the board and staff. The banks agreed that they have to support
the credit unions stronger and create a Resource Group as a mecha-
nism to promote and develop the neighborhood credit union as viable
financial institutions among their peers.

The educational committee developed the draft for the bro-
chure, one version in English and one in Spanish (attached). A
logo for the brochure and to be used in the marketing campaign will
be developed by a local artist from Taller Puertorriqueno. Funding
for the brochure will be requested from the PHILCUP network. This
brochure is expected to be ready for the fall.

The board continues to confront difficulties because one board
member is in sick leave and another one resigned. On July's board
meeting it was requested for board members to identify candidates
and submit names to the secretary of the board. One candidate already
accepted to be in the board. We are expecting to have at least three
new candidates for the vacancies in the supervisory and credit
committee for September's board meeting.

A letter was drafted (see attached) to be sent to all the local
Puerto Rican/Latino organizations, exhorting them to become members
of BFCU. We are requesting that they deposit at least 5% of their
total budget in the credit union, which will help to match the
$50,000.00 deposit of the Ford Foundation (at 2 1/2%). We are also
asking them to help BFCU reach the $1,000,000.00 asset base by 12/90.
This campaign should also help BFCU to attract employees of these
organizations to the credit union, who are also candidates for
larger loans.
MEMORANDUM

TO: David Miller

FROM: Jose A. Rivera-Urrutia
      Socorro Rivera-Rosa

DATE: December 9, 1990

RE: Final Project

Attached, please find a FIRST DRAFT of our final project, "Borinquen Federal Credit Union An Experiential View for Survival". The purpose of this project is to serve as a resource guide. Other materials produced during this year will be included as support materials. Please review and comment.

We will appreciate your comments and suggestions during the weekend of December 13, 1990. Please be nice.
I. Introduction

This project was chosen because of the need within the Puerto Rican/Latino community to have a strong community based financial institution and our responsibility as part of the board and staff to make that a reality. Since the environment for financial institutions as an industry is becoming very difficult in the 90’s and for community based financial institution even more difficult, we considered to be very important the documentation of our experience in struggling to maintain a community based financial institution in our community.

This paper will present an experiential view for survival of a community development credit union. The information provided includes relevant background history of the surrounding community, demographics, tips for surpassing liquidation, tips for survival, financial information and mechanisms for restructuring for growth and development.
II. Historical Perspective

A. Relevant background history

According to the North Philadelphia Plan, published by the Philadelphia City Planning Commission, most of North Philadelphia was developed before 1900. Factories were built along railroad rights-of-way and residences for the factories’ workers were built in the immediate surrounding areas. Commercial strips on major streets and stores on street corners developed to serve the nearby residences.

By the 1920s Lower North Philadelphia was on its way to becoming a black community. This was due to racial discrimination which excluded the blacks from better neighborhoods further north. Also, the fast expansion of the City’s industrial base and need for blue collar workers to sustain this economic growth, provided many jobs in Lower North Philadelphia.

Between 1917 and 1923 a major migration of blacks from the rural south occurred providing an abundant supply of cheap labor for the Philadelphia’s factories. Often these immigrants were recruited in the southern states by Norther companies seeking factory workers. Most of these newcomers faced racial discrimination in housing, in the workplace, and in a segregated school system.

After World War II, federal housing policies encouraged new construction at the expense of the existing housing stock by providing low down payment FHA and VA mortgages for new housing which crippled investment in inner city neighborhoods. A combination of migration patterns, federal housing policies, and the federal highway programs created a preference for sub-urbanization.

During the 1960s, the considerable influx of Latinos created a rapid rate of racial change in Lower North Philadelphia. This process was accelerated by illegal real estate practices of "panic peddling" and "block busting". Often the newcomers had trouble finding or holding jobs because they were victims of racial discrimination and because they lacked marketable skills in an economy that was moving from industrial to a service orientation.

During the 1950s to the 1970s buildings and equipment became obsolete and many factories closed down as business adjusted themselves to a major shift in the economy. The minorities living in North Philadelphia were unable to cope with this economic change. Unemployment soared throughout the City, particularly in the working-class neighborhoods. Commercial strips deteriorated and corners stores closed as the population declined and shopping habits as well as retailing increasingly favored outlying automobile oriented shopping centers. In the 1960s gang violence and riots drove many business and residents out off the area causing further deterioration.
B. Demographics

The Latino community in Philadelphia is sizeable, with estimates from different sources showing about 150,000, of which 85% are Puerto Ricans. According to the North Philadelphia Plan and the Temple Study it is the population growing the most, compare to other groups in the City.

Puerto Rican/Latinos live in just 15 of Philadelphia's 364 census tracts. Most of these 15 tracts are contiguous, forming what is known as the Puerto Rican corridor. The general boundaries of this corridor are: Broad Street to the west, Front Street to the east, Poplar Street to the south, and Roosevelt Blvd. to the north. The census tracts with the fifteen highest count in descending order are: 175, 176, 197, 198, 164, 162, 163, 195, 156, 199, 134, 144, 284, 145, and 133. Census tracts with 50% Latino population, or higher are: 156, 162, 175, 163, and 164. Currently the Puerto Rican/Latino population is growing most rapidly East of Broad Street and North of Allegheny Avenue towards the City limits.

The Puerto Rican population is poor. Forty-eight percent of males and fifty-four percent of females live in poverty. Puerto Ricans are much worse off than Blacks, Whites or other Latinos. The per capita income of Puerto Ricans is substantially below that of Blacks or Whites. Puerto Rican wage and salary earners with 12 years of schooling make eighty-two percent of what Blacks make and only sixty-six percent of what Whites make. The average per capita income for Puerto Rican adults "speaking English not well or not at all" is seventy-three percent of corresponding average from other Puerto Ricans adults. Of Puerto Ricans between the age of 25 and 64, only fifty-seven percent of men and twenty-seven percent of women were employed at the time of the 1980 census. Actual figures are expected to be much lower because Puerto Rican workers have been replaced by other groups who even work for less salary.

Employment rates for Puerto Ricans are low and usually are limited to poor jobs. When Puerto Ricans are compared to other persons with similar educational credentials, their employment rates are substantially lower, particularly for women. When Puerto Ricans do find jobs, they tend to be poor ones. Sixty-two percent of Puerto Ricans men, compare to fifty-seven percent of Black men, and thirty-six percent of White men, have "blue collar service", operative, or unskilled labor jobs. For women, the corresponding percentages are fifty for Puerto Ricans, forty-two for Blacks and twenty-four for Whites.

Among persons age 25 or over, seventy percent of Puerto Ricans, compared to fifty percent of Blacks, forty-four percent of other Latinos, and forty-three percent of Whites had not graduated from high school. Because employment rates are strongly associated with holding educational credentials, the lack of credentials account for much of the employment problem.

When we analyze the general demographics of North Philadelphia compare to the rest of the City, it is most evident the crisis of the residents living in this area:
1. North Philadelphia's median annual household income in 1980 was considerably less than the citywide figures, approximately $8,200, compared to $13,200, citywide (62% of the City's average). Moreover, 40% of all persons (twice the City average of 20.6%) and 33% of all families live below the 1980 federal poverty level of $7,421 for a family of four. The greatest incidence of poverty is found in the Lower North Philadelphia neighborhoods east of Broad Street, where nearly half of all families have income below the poverty level.

2. The impoverishment of North Philadelphia is reflected in 1980 unemployment rates, which were in excess of 20% of the area workforce compared to 11.4% for the City as a whole.

3. Poverty rates in North Philadelphia are twice the City average and are among the highest in the City. The U.S. Census indicates that a very high percentage of households in North Philadelphia 37.3% receive public assistance. This is more than twice the citywide rate of 17%. According to the U.S. Census, in Philadelphia, 53% of the City's female-headed households live in poverty.

C. Housing Conditions in the Puerto Rican/Latino Community

The Puerto Rican community is residentially segregated. Over half of this population lives in just 15 of Philadelphia's 364 census tracts, and the housing in these tracts is very poor. The housing conditions under which Puerto Ricans live are the oldest and most dilapidated in the City. In a recent study done by Temple University, it is established that there is a direct correlation between the number of abandonments and Puerto Rican residency. It is suggested that the higher the rate of Latino residence (in census tracts) the more the incidence of vacancies and other housing-related problems. In facts, 36.8% of all abandoned housing in North Philadelphia are concentrated in Latino census tracts. (North Philadelphia Data Book, 1986).

Latinos are also less likely to own property than are Whites or Blacks. In 1980, 42% of Latinos head(s) of household owned their homes. This is dramatically below that for Whites (66%) or Blacks (54%) in Philadelphia. A majority of Latinos therefore, rent homes or apartments. In the average the Latinos spend a higher percentage of his/her income in rent than that spent by Whites or Blacks. The median rent for Latinos in 1980 was $195.00 as compared to $248.00 for Whites and $180.00 for Blacks. If we updated this figures to 1990, when the housing cost in Philadelphia has doubled, Latinos are spending about $350.00 a month in rent. However when this is compared to the median incomes of each group, we find that Latinos spend 25% of their income in rent as compared to 16% for Whites and 15% for Blacks. When other factors are considered (i.e. utilities) its estimated that Latinos could spend up to 40% of their income in housing related expenses.
D. Conditions of the Puerto Rican/Latino business districts

There are basically two Latino commercial districts in North Philadelphia, one in the heart of the community, the "Golden Block" and the other one near the Roosevelt Blvd. on 5th street, in the Hunting Park area.

The "Golden Block" was primarily owned by Latino merchants, particularly Puerto Ricans who were residents of the neighborhood during 1970 to 1980. This corridor was very prosperous and attracted a lot of businesses. On 1980 these businesses started changing ownership and today about 60% are owned by outsiders and about 40% are drug fronts. This problem, compounded with the desinvestment in housing in the area, have created a fast deterioration in this commercial corridor.

The Hunting Park commercial corridor is owned primarily by Latin American of other descendent but Puerto Ricans. This corridor was very prosperous until 1985, when graffiti and abandonment have plagued the district with considerably deterioration as the Golden Block.

These two commercial districts are included within two other designated enterprise zones in the area. Nevertheless this has not impacted our community in a positive measurable way. The reasons for this are the same ones that have contributed to the deterioration - an complete isolation of our community:

1. Lack of political power to influence decisions and to be included in the planning, development and implementation of programs and projects within or near the community,

2. Lack of community organized efforts to be part of the process. Scatter participation of some "leaders" on an individual basis,

3. Lack of vision in how the enterprise zones can become a mechanism to attract attention and resources to the community for development,

4. The majority of our labor force and/or potential labor force lack the skills to enter into the job market. (no relationship between supply and demand),

5. The few individuals who have been able to secure jobs are at very low pay,

6. Lack of training programs that can address the deficiencies of the potential labor force and at the same time develop their skills to compete in the area job market,

7. Inability of City officials to coordinate an effort to improve services in the area and to develop long lasting relationships with merchants in the community to prevent frustration, apathy and isolation,
8. Lack of vision of City officials to realize the importance of attacking socioeconomic problems of the area to be able not only to attract businesses but to retain them. They must realize that development does not occur in the vacuum.

9. Lack of economic resources among area Latino merchants and/or other entrepreneurs to start new businesses or to expand their operations to get some benefits out of the program.

10. Apathy of Latino merchants to participate in the process and/or lack of knowledge and/or training in how to be part of the process.

11. Absence of a measurable community plan (besides any government plan) that addresses community approach to make use of the enterprise zone benefits to improve the socioeconomic conditions of the adjacent neighborhoods.

The deterioration in the housing stock compounded with the drug problem, crime and abandonment of the business districts have created a complete isolation of the Puerto Rican community and a crisis situation. There are now some sporadic approaches to deal with this situation, nevertheless the effectiveness is close to zero.

E. The role of BFCU within this environment

Within this environment BFCU was created on 1974 to service the financial needs of the Puerto Rican/Latino population as well as other low income individuals living within the credit union boundaries. Since financial institutions play a most significant role in the rehabilitation and development of any community, and the Puerto Rican/Latino community lacks the existence of any mainstream financial institution, it is imperative that we as a community, develop our own strong financial institution. We must develop an entity to provide access to financial services as well as to channel economic resources into the community.

III. First Eleven Years of Operation

BFCU was created by a group of catholic priest, nuns, and community leaders who saw the need for an institution that could extent credit within the community. Nevertheless, the vision at that time was to create a credit union to serve only the financial needs of the employees and the clients of the Latino agencies funded by the Archdioceses of Philadelphia.

Since the original idea was to serve a limited number of people, the credit union was located in the office of Casa del Carmen, a catholic social service agency, and it was run with volunteers of the agency staff. No training was provided, neither management/operational system was developed. For the first 8 years was run at a very limited scale, primarily serving the staff of the organization. Since it was a small scale operation, they were not confronting significant problems.
In 1982 the credit union received a loan from the City of Philadelphia to provide home improvement loans to low income individuals. This had a significant impact in the credit union operations. This brought an increase in the asset of the credit union by $125,000, in less than 6 months. A part-time staff person was hired to process the loans and an open advertisement campaign was developed and implemented in the community. By the end of 1983 the credit union went from an asset base of $69,000, to an asset base of $500,000. Although the operations escalated so rapidly, no infrastructure was created for operation, management, and bookkeeping. As a result the credit union started to reflect deficiencies in the annual examination reports.

At the beginning of 1984 the part-time staff person was fired for misconduct, but the board was not re-structured. This situation created a discontent within the most responsible board members (a few outside of Casa del Carmen’s staff) and all but three resigned.

By the end of 1985 the credit union had over $250,000 in outstanding loans with a very high delinquency rate (90%). The board was not meeting regularly and the bookkeeping was a complete disaster. There were two board members who tried to clear the situation but they were overshadowed by the executive director of Casa del Carmen, at that time, who was also the treasurer and bookkeeper of the credit union.

On October of 1985, a new examiner from the National Credit Union Administration (NCUA) was sent to the credit union (for the first 11 years the credit union was examined by the same person). Within two days he identified that there was a serious financial crisis in BFCU and requested an outside audit. The audit was performed and on December 1985 it was presented to the few board members (4 members left). The audit reflected losses of over $350,000, including $250,000, in delinquent loans and over $100,000, in missing deposits. Since the board was not able to take action to resolve the problems, on May 1986 the credit union was liquidated by National Credit Union Administration (NCUA).

**Important details that precipitated the crisis**

A. The credit union was created by a small group of individuals, primarily outsiders, who did not involve the community in the process.

B. The founders did not develop a plan for operations, management and bookkeeping.

C. The volunteers were not trained and there was not a monitoring system in place.

D. There was not a functional infrastructure to deal with growth.

E. There was no a consistent and committed group to manage and monitor the operations.

F. The regulatory agency did not enforce their rules and regulations to make the board be accountable and better trained.
G. There was not a monitoring system from the sponsor organization (Archdioceses of Philadelphia, parent organization of Casa del Carmen).

H. The information of the crisis was kept from the members and clients of Casa del Carmen by the executive director of Casa and by the remaining board members.

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**Liquidation 1984**

Two weeks before liquidation a new executive director was hired at Casa del Carmen, who did not know anything about the credit union. When informed about the problem, she made an attempt to help the board members (two employees of Casa and one former employee). She discovered that the members did not have detail information on the reasons for liquidation and did not have the expertise to develop an emergency plan. She contacted a CDC located on the first floor of Casa del Carmen to provide technical assistance and support to the board. This attempt was unsuccessful and the crisis precipitated.

Shortly after the report from the auditor, Catholic Social Service sent the remaining board members a memo requesting to remove the credit union immediately from their premises (Casa del Carmen). Nevertheless there was not time for the move.

Liquidation came by surprise for the volunteer staff person who was running the credit union. There was no opportunity to inform the members. There was not an active board to handle the situation. Within a three hours period the examiners have taken all records. The few board members left were in the limbo and the community has lost this important and unique service.

Although Catholic Social Services did not want Casa del Carmen to have any relationship with the credit union, the new executive director made a second attempt to support the remaining and committed board members and save this most needed services. At that time she contacted some individuals who she consider had the potential to develop a plan. Six other individuals and us (Jose & Socorro) were between those contacted.

At that time a committee was created to save BFCU and to re-incorporate it into the community service network.

**Important details**

A. There was not an informed cohesive group to assume leadership.

B. There was not support from the CDC to safe the credit union.

C. The sponsor organization of the credit union did not take any responsibility instead started an eviction process.

D. There was an individual with vision who perceived the need and acted immediately.
Re-birth of BFCU

We were able to create a cohesive group who, although did not have details about the issues involved in the liquidation, decided to work on the rescue mission, under the goal of saving the only Latino financial institution in the Community, the City, and the State.

After three weeks of intensive work and strategic planning the group was able to make history. BFCU was the first credit union in the nation to be returned to operation after liquidation.

Several resources and strategies were put into effect. It has been probably one of the most comprehensive and effective emergency tools that this community has been put together in the last ten years.

Since June of 1986 BFCU has been working on a survival strategy and has faced possible liquidation twice. After the first six months, NCUA tried to pursue liquidation because we were not able to accomplish all the goals submitted in our plan for survival. This plan called for the collection of $200,000, in delinquent loans for over more than one year and the identification and collection of over $100,000 in lost deposits. This plan and time lines were developed by outside consultants, who provided inadequate technical assistance to a group in crisis and having to act within a week. After another mobilization we were able to survive, again. At that time we were familiarized with the problem, had a full time and a part time person and were able to have concrete results accomplished from the first time. Our committee developed a second plan addressing specific issues and with a more reasonable timetable. Also was able to mobilize our networking system and get a more active role of Fidelity Bank within the support base. All these components together made possible to survive the second crisis. On September of 1989 the credit union faced another crisis, when NCUA arbitrarily change our rating from 3 to 4 (5 is liquidation) and forced us to absorb $40,000. in losses left from 1984-85, in one month. After many hours of work, consistency and tenacity we survived for the third time. Our rating was up-graded to 3 within a month. We at last were able to absorb all the prior losses ($250,000.) and became solvent. One year has passed since then, we have not been under special supervision and our actual rating is 2.

The most difficult is yet to come. Our ability to work in the creation of an infrastructure for development and growth. The challenge to build a truly strong, self-sufficient financial institution run and controlled by Puerto Ricans/Latinos that can influence community change. In this process we have been working during the last sixteen months, some has been accomplished, some is incomplete, and some has prove to be just a dream. Nevertheless we consider it has been a tremendous experience we have the responsibility to share with others, within a complete frame work.

IV. How do you rescue a credit union after liquidation?
A. Creation of a committee

1. Identify individuals who may have interest in saving the institution. These individuals must have real commitment and be willing to make the time and have interest to be active participants.

2. Identify some individuals with basic skills in business, management, strategic planning and/or have political contacts.

3. Form a committee of at least 10 individuals and identify at least 3 with leadership skills. (be selective)

4. Choose a spoke person and a group facilitator. (be selective, do not chose individuals with political friends who can be divisive)

B. Develop a plan

1. Identify time constraints.

2. Identify the major problems.

3. Study the available information.
   (DO NOT PLAN UNTIL YOU ARE FAMILIAR WITH THE PROBLEM(S) AND THE AVAILABLE INFORMATION)

4. Identify your immediate goals, and objectives and the group mission.  
   (REMEMBER YOU ARE IN A CRISIS WITH A LIMITED TIME TABLE)

5. Identify the human and economic resources you have within the group to accomplish your mission.

6. Develop an strategic plan including at least:
   a. an overall need assessment.
   b. resources available (human and economics).
   c. task assignments.
   d. time table.
   e. operational plan (how are you planning to run the organization, if giving the opportunity again)
      BE SPECIFIC BUT DO NOT PROMISE TO DO THINGS THAT YOU IN REALITY ARE NOT ABLE TO DO WITHIN THAT TIME TABLE
   f. develop a contingency plan.

C. Develop a political strategy

1. Develop a support base composed of members, community leaders, politicians, community organizations and government entities.
2. Inform the above mentioned individuals and entities of the problem, emphasize the role of the institution in the community and your plan for operation
   (BE HONEST AND DO NOT HIDE INFORMATION BECAUSE IT MAY HARM YOU LATER).

3. Ask for their input and support.

4. Make them active participants in the process by asking them to:
   a. Write letters of support
   b. Provide economic and human resources
   c. Provide technical assistance
   d. Accompany you to important and crucial meetings
   e. Lend you credibility and lobby on your behalf

   You can not be alone in this process. Only the pressure and support of the different sectors in your community can make it a reality.

D. Negotiation process

1. Arrange a meeting with the Regional Director and/or top management.
   (DO NOT ARRANGE FOR A MEETING UNLESS YOU HAVE ALL THE OTHER COMPONENTS, PREVIOUSLY MENTIONED, IN PLACE)

2. Make sure that you have representatives of all the different sectors of the community at the meeting.
   (CREATE A POWERFUL ENVIRONMENT--THAT IS YOUR ONLY TOOL).

3. Be sure you have an agenda, a spoke person, a plan with alternatives and an informed group of people.

4. Negotiate within your plan; do not commit out of pressure.

5. Request negotiated agreements in writing. Then send letters of confirmation, based in your understanding of the agreement.

6. BE SURE ALL COMMUNICATION IS ON WRITING AND DO NOT USE INTERMEDIARIES, UNLESS IT IS ABSOLUTELY NECESSARY.

E. Follow-up

1. Conduct a follow-up meeting to report the results.

2. Write thank you letters to all participants and supporters.

3. Submit reports to NCUA on time and consistently.

4. Submit reports to funding sources and keep them informed of developments.
5. Conduct a general membership meeting and inform them. BE SURE YOU ARE CLEAR AND SPECIFIC. Discuss with them the past, present and future. Remember, without a constituency you do not have an organization.

6. BE SURE THAT YOU FOLLOW, REVIEW, REVISE, AND MONITOR YOUR ORIGINAL PLAN OF OPERATION.

   a. The plan may need changes in the process, do not be afraid of making them.

   b. Inform your regulators and financial supporters of major changes.

   c. Your membership must be the most important in the monitoring of the plan.

6. Cultivate relationships with supporters

1. Maintain community organizations and other key members in the community inform of your progress and/or problems.

2. Have an open channel of communication with your membership.

   a. Annual meeting

   b. Extraordinary meetings

   c. Letters

   d. Newspaper articles

   e. Radio talk shows

3. Maintain your financial sources and key individuals within, informed. Have periodic meetings to provide updates.

The information outlined above is a summary of lessons learned in the rescue mission of BFCU.

When our group was able to get together, within a two weeks period we had to approach NCUA or we had lost any opportunity to rescue the organization. There were different elements who got involved in the process. Since we were in a crisis, had time constraints, and lacked the information on the real condition of the institution, we made several mistakes. The biggest one was to try an outside institution to prepare a plan for us to submit to NCUA. Since we did not have prior experience in this area and did not have the internal resources, we relied on their expertises and technical assistance. This approach almost destroyed our opportunity for survival. Outside technical assistance is as good as you are able and ready to use it. Do not be afraid of say NO, do not be afraid to use your own resources, skills and ideas. Remember that outsiders come and live, you have a stake in the process which must be durable and must succeed, since it is your community which may loose or win at the end.
Our second mistake was to rely on verbal conversation during follow-up meetings with examiners. We could have avoided the third possibility of liquidation, if we had have all our negotiations after May of 1986 documented in writing. Even still today we are victims of errors made by NCUA in May of 1986, when they made the entries in the book for liquidation. Four years later is their word against our word.

There were many positive steps we took during the process which helped us to be successful:

1. We had a cohesive group of about 7 people who worked hard, consistently, and committed during the crisis period.

2. We have developed an ample support base of community organizations, individuals, government institutions, and bankers who have backed us during the good and the bad times. These supporters sent letters of support, met with the regulators, mobilized key politicians such as Congressmen, City councilmembers, the Mayor, the Governor, etc. These individuals also provided technical assistance and financial support.

3. We have been able to secure steady financial support from three funding sources Fidelity Bank, CoreState Bank (former Philadelphia National Bank), and The Philadelphia Foundation.

4. We were able to overcome the fear of being small and the regulator’s threats in a short period of time.

V. Tips for survival

A. Re-structure internal operations

1. Conduct skill assessment and level of commitment of human resources, including board, staff, and other volunteers.

2. Re-structure your board to meet the needs of the organization, based on available skills, commitment, and tasks to be performed.

3. Diversify your committees.

4. Conduct planning sessions with all individuals who play a significant role in the organization.

5. Develop a three to five year plan with a monitoring system.

6. Develop a mechanism for internal control, security, effectiveness, and efficiency.
   a. Who is responsible for the credit committee, the supervisory committee, the investment committee, the education/promotion committee, etc?
b. Who makes the deposits, bank reconciliations, bookkeeping, balance and close the books, etc?

c. Who is in charge of delinquency control?

7. Develop a board and staff manual.

8. Develop policies and procedures for investment, lending, and collection. Revise them quarterly for effectiveness.

9. MAINTAIN ACCURATE AND UP-TO-DATE BOARD AND CREDIT COMMITTEE MINUTES.

B. Review accounting and reporting systems

1. Develop an efficient bookkeeping and recording system.

2. Train staff and board on accounting procedures and policies.

3. Develop a mechanism for correlation of information.

4. Develop a system for reporting.

5. Make sure that all records are on balance and reports are prepared accordingly to the accounting manual of policies and procedures.

6. Maintain accurate daily, monthly, semi-annual and annual records and prepare reports on time.

C. Re-structure office procedures and policies

1. Revise banking hours and develop a policy for the constituency be accountable of time schedule.

2. Develop a working hours schedule and be sure that you allow enough time for banking hours, bookkeeping, report and general operations based on the staff time you have.

3. Organize files and records in a monthly basis system, for effectiveness and efficiency.

4. Maintain all member records in order and with accurate information to minimize errors and discontent.

D. Develop a good procedure for monitoring and evaluation

1. Maintain a balance between needs, resources and services.

2. Make sure that all reports are submitted on time and in compliance with rules and regulations.

3. Have regular monthly meetings with board and staff.

4. Review your goals, objectives and re-assess your needs at least every six months.
5. Re-assess your human resources commitment and their involvement in the process.

6. Develop realistic time schedule within your requirements for specific outputs.

7. Review your policies and procedures and adapt them as needed.

8. You may have constant turn over in your board. Continue looking for commitment and availability of time. It is better to have changes than to have bodies and no action. As long as you have a core group for continuity, changes are sometimes healthy. Remember you also have to project stability, even within those changes.

E. Political Strategy

Your political strategy after the immediate crisis is over and you are in a survival stage is different. You must change your approach. Now it is time to stabilize your relationships and develop a team work.

1. Use those resources you have already cultivated to provide you with technical advise and identify other resources.

2. Expand your network within your own field of interest.

3. Develop coalitions with other credit unions and community development groups. BE CAREFUL WITH YOUR NETWORKING STRATEGY:

   a. To do effective network you must be knowledgeable and have your agenda to share.

   b. Do not allow your name to be used, unless information have been shared with you.

   c. Be an active, not a passive participant in the networking system.

   d. Take leadership and make sure your institution’s needs goals and objectives are included.

   e. Make sure that the networking will strengthen your institution, benefit your community and the movement behind the efforts.

   f. Your success within a networking system will depend on your ability to have an effective participation within the system.

4. Develop a priority list of resources to be tapped based on your immediate needs

   a. Within the economic enviroment of the 90’s there are not moments of stability for any financial institution ...There is less opportunity for a community based financial institution to be stable.
b. There is a need for a consistent approach to cultivate resources. Your institution will never survive in a vacuum. You need the continuous support of your peers, other community organizations, YOUR MEMBERS, the financial resources, etc.

c. Keep your supporters informed of your ups and downs. When they get to trust you, they will find alternatives to support you.

VI. Restructuring for growth and development

A. Review your mission, goals and objectives

Think on the following:

1. What is your vision for the financial institution?

2. How does this institution relate to the overall socioeconomic structure in the community?

3. What services are needed in the community and how can you fulfill that need (what is the demand and what percentage of that demand can you supply?)

4. How do you perceive your growth pattern?

5. What mechanisms will you use to accomplish your goals and objectives?

6. What is your time table for development?

When reviewing your mission, goals, and objectives be alert to the following:

1. Be sure that you involve everybody that has a stake in the institution including members, board, staff, funders, and other organizations within your networking system.

2. Make sure that you have taken into consideration the pros and cons for expansion, growth and development.
   a. Human resources available
   b. Economic resources
   c. Supply and demand on services
   d. Potential risks
   f. Internal infrastructure (board, staff, committees, bookkeeping system, equipment, policies and procedures)
   g. Security issues
B. Re-assess your internal structure

1. Make sure that your board is ready for the changes and the challenges:

   a. Assess the general board skills, knowledge and training.

   b. Review your committees and their policies and practices for effectiveness and efficiency.

   c. Determine the human resources you will need based on your plans for expansion and/or charges.

   d. Be aware that you may need more committees that those require by law such as credit and supervisory committees. Identify every potential members for committees.

   e. Be sure that all members of the board are assigned to a committee or to a specific task.

   f. Re-assess your committee members’ skills, knowledge, training and their willingness to accept new challenges.

   g. IT IS BETTER TO HAVE FREQUENT TURNOVERS IN THE BOARD THAN TO HAVE AN INEFFICIENT AND INNEFFECTIVE BOARD.

   h. YOU NEED A CORE GROUP THAT IS CONSISTENT, COMMITTED, PROVIDE CONTINUITY AND TAKE LEADERSHIP.

2. Conduct a series of training sessions for brainstorming:

   a. Make sure that everyone participate and buy into the process.

   b. Assign specific task and monitor them.

   c. Make sure that all information produce as well as recommendations are incorporated within your overall plans, policies and procedures.

   d. Allow time to process information and be open to make changes.

   e. Before making a significant move be sure that your board is totally convinced, that it is ready for the demands of a growing and development process.

   f. Be sure that you have enough human resources (bodies) to deal with the changes on demands. Remember that staff is a key component within the human resources.

   g. Re-assess the skills, training and knowledge of your staff to be sure that they are able, willing and prepare to handle the changes in services and the volume of work.
h. Be aware of your real need for pay staff and for the economic resources available to provide them with a reasonable salary and fringe benefits.

i. Involve your staff in the development of the new mission, goals and objectives. Incorporate their needs and concerns in your final decisions.

j. It is important to make sure that the staff has bought into the idea of growth and development as it is for the board. REMEMBER THEY WILL HAVE THE RESPONSIBILITY OF THE DAILY OPERATIONS

k. Review the tasks and make sure that those can be accomplished within the new constraints.

l. Make sure that all policies have been reviewed to accommodate new changes and that they are followed by the staff. A personnel manual is an important tool to have it ready.

3. Re-assess your office operation system

a. Make sure that your office operation system can accommodate the new demands.

b. Have the necessary flexibility to make room for new demands.

c. Check your filling system and make sure that can accommodate growth.

d. Review your office hours, banking hours and make sure your staff can take care of the demands.

4. Make a comprehensive review of your financial management system.

a. Review your bookkeeping and other recording system to accommodate increase in volume and requirements.

b. Re-evaluate your internal fiscal controls and build the mechanisms to deal with the changes.

c. Make sure that you will be able to maintain certain basic controls particularly when you will have an increase in volume.

1. The daily bookkeeping and the monthly closing of the books must be done by different people.

2. The handling of money must be done by a person different from the one that does bank reconciliations.

3. The signing of checks must be done by two people. You should have at least four signers.
4. The person who authorizes the transfer of funds must be different to the person who makes the transfer.

5. All transfer of funds must be done according to the written policies and procedures.

6. All bank accounts must be reconciled monthly, including the investment account(s).

7. Monthly, semi-annual, and annual reports must be done on time and review by the board and staff.

d. Develop a budget and monitor it in a monthly basis.

e. Train your board and staff in financial management and assign tasks for monitoring and control.

f. Make sure that if you will computerized your financial operation you will maintain a good manual system while you are converting your system and after it has been converted.

g. Computerized systems can become a problem. You must be ready before you take this important step. Your records must be balanced, up-to-date and clear before you change to the computer system. Remember your OUTPUT will depend on your INPUT.

h. You should allow enough time to load the information within the system. e.g., For 1,000 members you will need at least 7 months.

i. Make a list of your equipment needs and project for acquisition cost.

   1. You can fundraise the money to buy the equipment.

   2. You may want to contact banks and/or other corporations and ask for donations.

j. Assess your real needs before you make the decision to buy any equipment (particularly computers).

k. DO NOT BUY equipment that you will not need immediately because it depreciates and may be a burden for your institution.

l. DO NOT ACCEPT equipment just because it is offered to you for FREE or at low cost. It can become a liability latter?

5. Develop a plan for self-sufficiency

   a. Develop a business plan

      1. Make accurate and conservative projections.
2. Include your human and economic resources in the projections.

3. Make sure that your projections reflects the reality of your institution and the community you serve.

4. Use "peers" projections and regulators assumptions just as a reference but make your projections based on your reality.

5. Your projections must be compared to the national standards but you must take into consideration the reality of your target population to determine your liquidity, your projected outstanding loans and your investment portfolio.

6. Develop a good section on management and personnel. Use the information you have already compiled on your board and staff and incorporate your policies and procedures.

7. Include a comprehensive historical perspective of the institution and highlight your achievements and strong points.

8. Identify your weaknesses and explain how are you going to overcome them.

9. Develop a comprehensive section on overall operations and evaluation procedures.

10. MAKE SURE THAT YOU DO NOT OVER-ESTIMATE PRODUCTION TO MAKE SELF-SUFFICIENCY A REALITY.

11. DO NOT UNDER-ESTIMATE THE COMMUNITY YOU SERVE. The socioeconomic reality of your membership and potential membership and the risks involve when lending in unstable community.

b. Financial Plan

For the credit unions there are different needs for financing as in any other business. Your financing needs will be determined by the analysis you have to make on your situation. Take into consideration the following, when developing your plan:

1. Liquidity ratio (do you have enough cash to make loans, cover your demand for withdrawals and pay for your expenses?).

2. Solvency ratio (do you have enough income to cover your expenses, pay dividends and increase your reserves?).

3. Shares (do you have a balance on members and non-members deposits? Low income credit union can only have 20% of their total shares in non-members shares).
Before you structure your financial plan you have to be clear on your problems, because your rating will be determined on your ability to balance out solvency and liquidity, combined with your management abilities.

If your problem is liquidity because you have lent more than you should and are having problems to cover the daily withdrawals, request for more loans and payments to your creditors, you should look into:

1. Making a loan from NCUA, the National Federation on Community Development Credit Unions (NFCDCU) or a funding source such as Campaign for Human Development and/or Mid Atlantic Credit Union in Pennsylvania.

2. Search for non-member deposits (if you are a low income designated credit union) from foundations, corporations, social investors, and/or NFCDCU.

3. Conduct a campaign within your membership to increase savings. For a period of time concentrate your campaign in the promotion of the saving opportunities of your credit union, not in the lending.

If your liquidity is to high because your outstanding loans are not enough and your investment are to high, you should look into the following:

1. Try to increase your outstanding loans by conducting a promotion campaign (DO NOT RUSH, YOU WANT TO MAKE GOOD LOANS)

2. Limit your deposit from non-member depositors (Take them only if you are having a serious problem with income and they request a LOW RETURN on their investment.)

3. For a period of time, conduct your promotion campaign in the lending opportunities of your credit union instead of your saving opportunities.

4. DO NOT LOOK FOR MORE CASH IF YOU ARE TO LIQUID.

If your problem is solvency you must develop a plan to combine different alternatives:

1. Reach for deposits at LOWER return for investment.

2. Request grants and other types of subsidies.

3. Limit your operating expenses and try to increase your income.

4. Review your lending policies, increase your interest rate and increase your maximum loan
amount (make sure you provide for a range amount of loans to be requested.)

5. Diversify your loan portfolio and develop a comprehensive marketing campaign.

Financing tools

1. If your problem is solvency but you have a liquidity problem, you can look for the alternative of making a loan at low interest rate from the sources already mentioned.

2. When developing a financial package be sure you explain what are the problems, strengths, and weaknesses of the institution.

3. Tailor your package to your source but make sure that the basic information is consistent and that all the approaches are linked to a plan of action, that is expecting to resolve the problem in a reasonable period of time.

Since you are serving low and moderate income peoples and you must keep your cost down, the cost of your money is crucial for survival.

c. Marketing Plan

Although the marketing plan is part of the business plan we consider that any financial institution needs a marketing plan that will stand by itself. The marketing plan should take into consideration the following main areas:

1. Make sure that you research your target population and that you use more diversify information than statistics alone.

2. Try to have a direct input from a sample of your target population (questionnaire, focus group, block meetings, etc.)

3. Make an exhaustive analysis of your competition and their pattern of services.

4. Develop a list of resources in your community and research the cost to have access to those resources. (Local newspapers, newsletters, community institutions, radio stations, TV stations, etc.)

5. Develop a budget for advertisement and promotion. Include all the costs even if you will later get the services for free.

6. Follow your plan. Review it periodically and make sure that you have the resources to supply the demand. If you are successful, do not underestimate your results and/or over-estimate your resources.
d. **Follow up with financial supporters**

1. Remember, it is important to continue cultivating your supporters.

2. Share with them your plans and ask for their technical assistance and input, when appropriate.

3. Submit reports to them at least every six months, even if they do not request them.

4. **MAKE SURE YOU SUBMIT YOUR REQUEST FOR FUNDING AND YOUR REQUESTED REPORTS ON TIME AND WITH ACCURATE INFORMATION.**

**VII. Conclusion**

The process of survival after a financial institution has been liquidated is very difficult. Nevertheless, if your community needs that institution because there is a lack of financial institutions in the area and/or if your community does not have access to them, you must try your best to save the one you have. The information provided above is a summary of the process we went through while struggling for survival. Our experience must have been unique because we were the first credit union in the nation to re-gain its charter after liquidation. Many of the problems we confronted were because we lacked the information to refer to. Our supporters lacked prior experience in an specific case like this one and NCUA was experimenting.

The information we have provided in this project is an experimental view of our process. The purpose is to serve as a guide or as a reference information, but recognizing that each institution and each community will probably face a different complex reality. Our recommendation is that you can make it a reality if you believe in what ever you are doing. If you are able to develop a strong support base, if you are out there to build a community institution, not to serve your individual needs.

Our main recommendation to you or anybody who happens to be in our situation is the following:

- **BE HONEST** with yourself, the members, the community, your financial supporters, the regulators...your entire networking system.

- **PLAN** each of your steps, even within the worst circumstances and your limited time to react and/or act.

- **DO NOT RUSH**, you will regreated later.

- **BE CONSISTENT** in your plans and actions. Do not jump from one side to another, develop a pattern of processes that will lead to a coordinated action.
- DEVELOP CREDIBILITY during the entire process. Even during your worst situation, you will receive support if others trust you and have confidence in your actions.

- DO NOT REST IN YOUR LAURELS, there will always be a threat to your survival as an institution. The economy is unstable, the competition is strong, your community is unstable, and your networking system has its ups and downs...work hard to keep what you gained...There will be only one opportunity.

In our opinion our work will not be completed until the credit union is stable to be able to serve the real needs of our community. Our energies until now have been concentrated in surpassing the crisis and be able to survive. Now it comes the real struggle and the real challenge.

After we have worked in developing the infra-structure, developing the support base, and improving the rating and relationship with the regulators, now we must work on achieving the main objectives of:

- Becoming an alternative banking system for the poor and moderate income Puerto Rican/Latinos who traditionally banking institutions have not been able to serve.

- Serve as a mechanism to educate the community on financial aspects such as the importance of credit, saving and investment in a cooperative manner, to be able to improve individual and collective (community) socio-economic conditions.

- Promote and/or coordinate economic development ventures with other community development organizations. Serve as a link to other financial institutions and resources outside the community that can finance and/or support projects.

The work is ahead, the success is achievable...it all depends on our commitment and our ability to expand the support base at all levels in our community and the community at large.
ATTACHMENTS

A) CONTRACT
B) LOAN POLICY
C) POLICY AND PROCEDURES FOR LOAN COLLECTION
D) EDUCATIONAL MATERIALS (Should included brochure, flyer, list of resources for promotion)
E) PLAN FOR COMPUTERIZATION
F) PROPOSAL FOR COMPUTERS
G) PLAN FOR SELF-SUFFICIENCY (Original)
H) FUNDRAISING PLAN
I) CEIBA PROPOSAL (Networking plan)
J) BUSINESS PLAN (Revised plan for operation and self-sufficiency based on 1989-1990)
K) MARKETING PLAN
L) PERSONNEL MANUAL
M) PROPOSAL FOR MICRO-ENTERPRISE LOANS
N) RESOURCE GUIDE FOR MICRO-ENTERPRISE LOANS
O) NEWSPAPER CLIPS ON BFCU
P) SAMPLER PACKAGE ON SUPPORT BASE (Letters to NCUA, Letters from funders, letters from community organizations)
Q) GRAPHICS ON GROWTH OF BFCU
INTRODUCTION

This policy and procedures manual has been approved by the Board of Directors. Other general rules of office conduct and procedures are prescribed by the General Manager and exceptions to these written policies can only be done by his/her approval or by the majority of the Board of Directors.

II. HIRING PROCEDURE

A. Establishing new positions and developing job descriptions

The Board of Directors approves all new positions, set salary ranges for each within budgetary constrains and is responsible for the hiring of the General Manager. The General Manager hires all staff and has the discretion to fire the staff within the parameters set by law and herein. The General Manager and/or Line Administrator is responsible for the design of job descriptions; including interns and volunteers. Job descriptions shall include: 1. A summary statement of duties and responsibilities; 2. Qualifications; 3. Name of Line Administrator; 4. Source of funding (if grant, approve period); 5. Salary classification.

Job descriptions will be updated as appropriate, and will be discussed in the course of annual reviews. All job descriptions must be approve by the Board of Directors.

B. Hiring Policy

It is the policy of the Credit Union to fill vacancies with the best qualified candidates. Opportunity for employment will be open to any person who, on the basis of merit, can present satisfactory evidence of qualifications for the position.

The processing of applicants for all staff position shall be the responsibility of the General Manager or the Line Supervisor.

1. For all employee positions over six months in length and in excess of 20 hours a week, there shall be advertising to community organizations, and paid advertisement shall be placed in, at least, the local community newspapers.

2. No newspaper advertising will be required for
temporary and part-time positions (less than six months, less than 20 hours per week, or for consultants paid less than 1,000. per contract).

3. All positions will be posted internally prior to the issuing of outside advertisements. In the event that an existing staff person, board member, intern or volunteer is qualified to assume the responsibilities of the position as stated in the job description, the General Manager may, at his/her discretion, hire that person in consultation with the Board of Directors. This precludes a full hiring process to both full and part-time positions.

4. Student interns and volunteers may be hired at the discretion of the General Manager with consultation of the Line Administrator (no necessarily), and/or Board Committee Members.

5. Only students interns or volunteers (who will work 4 months or less) may hold a job while been related to an individual in the administration, staff or Board Member. This only apply for those positions that can be supervised by some else than the direct relative. For purpose of this rule, a member of an immediate family shall include any of the following:

   - Wife
   - Husband
   - Mother
   - Sister
   - Brother
   - Son
   - Mother in Law
   - Father in Law
   - Sister in Law
   - Brother in Law
   - Daughter in Law
   - Son in Law

6. All employees will initial their job description upon hiring to indicate a full understanding of their duties.

C. Selection

Final selection will be made by the General Manager within those candidates recomended to the Board of Directos and approve by the Board of Directors. The General Manager is responsible to notify in writing the selected individual. This notification should inclu the title of the position, the salary, the hours, summary of duties, the date of employment, the duration of contract and his/her Line Supervisor.

Candidates not selected should be notified that the position has been filled.

D. Conflict of Interest
Employee will not accept part-time or other employment outside the Credit Union that will conflict with their job responsibilities. In addition, outside activities which may affect employee responsibilities and/or jeopardize the image of the Credit Union will not be tolerated. Such additional activities, employment or otherwise, shall be cleared with the General Manager and/or the Board of Directors in an annual basis.

E. PARTISAN POLITICAL ACTIVITY

No employee may, while in the service of the Credit Union, engage in partisan political activities.

F. Immigration Clearance

All new employees must present two ways of identification to prove their legal status on the date of employment. These identifications can be any of the following: Photo Driver's license, Passport, Birth certificate and/or Green card.

G. Orientation

Orientation will be provided by the General Manager and/or Line Administrator for all new employees. Among the items to be discussed, at this time will be the criteria to be used in evaluating job performance, the personnel benefits (if any). Staff will be informed both verbally and in writing of all changes as they occur.

H. Probationary Period

The probationary period for all employees, except the General Manager, covers three months from the date of starting work. This period may be extended at the discretion of the General Manager and/or Line Administrator but not to exceed six months. The probationary period for the General Manager is six months.

During the initial probationary period, an employee may be terminated with five days notice or pay in lieu thereof, at the discretion of the General Manager. The Board of Directors may act to remove the General Manager. After three months of employment, the employee will meet with the General Manager, Line Administrator and/or Board of Directors to review job performance during the probationary period and/or modify the employee's job description. At this time a written evaluation of the employee's job performance
will be submitted to the Board of Directors and kept on file. This written evaluation must have the signature of the employee, Line Administrator, General Manager and the President of the Board of Directors.

III. EVALUATION PROCEDURE

Evaluation should be an informal and ongoing process. An evaluation is designed to improve the employee's understanding of his/her job and the standards of his/her work and to encourage employee development. A formal review and evaluation (as described below) must occur at the initial three or six months period. After that, it must occur once per year.

A complete evaluation form shall become part of each employee’s permanent personnel record and should be the basis of continuing employment and the determining factor on applications for promotions.

A. Annual Review

On each anniversary of the employee’s hiring, the General Manager and in the event of the General Manager, the Board of Directors, must interview and evaluate each member of the Staff in a written form. This report will be signed and may be copied by the staff person to indicate that he/she has reviewed it and placed the original in his/her personnel file. These report will be kept confidential unless otherwise authorized in writing by the staff person and/or in writing by a two thirds of the full Board of Directors who are bound to maintain the reports confidentiality.

If during the evaluation, the employee’s evaluation shows that his/her work is not keeping with the professional standards and or conflicts with the Credit Union policies, may be put in probation not to exceed three months. This probationary period must include written notification to the employee of the probation as well as the steps to be taken to get off probation. During this time, the employee must receive intensive supervision and support to bring his/her performance up to standard. Failure to improve will result in termination. An employee who improves satisfactory must be so informed in writing at the end of the period and a performance evaluation be completed.

If after the evaluation the employee feels his/her evaluation not make justice to his/her performance he/she may decide to sign the evaluation form with a comment of disapproval. An employee may seek remedial actions through a meeting with the General Manager and/or the Board of
Directors, as his/her last resource.

**B. Compensation**

An employee's elegibility for salary increase depend on both, the funding level of the Credit Union, or program, if any, under which the employee works, and the evaluation of the employee's works performance. An annual cost of living raise will be given as possible within budget constrains. Merit raises will also be determined within the budget constrains. All employees' salary increases must be approved by the General Manager and the Board of Directors.

**IV. SUSPENSION AND TERMINATION**

A. During the probationary period the decision to terminate an employee may be made by the General Manager, in consultation with his/her Line Administrator (if any), or in the case of the General Manager, the Board.

B. For an employee past his/her probationary period, the employee may be suspended or dismissed only after receiving a written warning notice, stating the cause(s) for which suspension or dismissal is requested. Cause(s) may included but are not limited to: Lack of sufficient funds for continued employment or for a change in mandated programatic emphasis; an employees failure to perform to standards of the Credit Union; an employee failure to adequately perform employment duties, continual tardiness, absences, falsification of employment application or Credit Union records*, theft*, vandalism*, or striking another person in the office*.

The employee has the right to reply to the notice, within five working days from the date on which the notice was received, to the General Manager and/or the Board of Directors and to submit documentation in support of his/her reply. He/she subsequently meet with the General Manager and/or the Board. A decision could be made to draw-up terms for a probationary period which will be evaluated after ONE month time, and the General Manager and/or the Board of Directors may take actions as they deem prudent.

Documentation of the above will made be a permanent part of the personnel file.

* IN THESE AND LIKE CASES, THE EMPLOYEE WILL BE SUSPENDED WITHOUT PAY IMMEDIATELY, PENDING AN INVESTIGATION BY THE BOARD OF DIRECTORS WHICH MAY LEED TO PROSECUTION.

**C. Voluntary severance**
To leave in good standing all employees will be required to give notice of severance at least ten working days before severance date. Supervisors and managers must give one month notice.

Failure to give this notice will result in loss of accrued vacations, unless special permission of the General Manager or the Board of Directors has been obtained.

D. Exit Interview

Prior to termination, the General Manager and/or the Board of Directors should discuss the reason(s) for severance in detail with each employee. This is done to better understand the circumstances surrounding the severance, to facilitate a smooth transition for the employee and the corporation, and to improve, where possible, negative influences on the work environment.

E. Severance Benefits

Provided that the employee has given proper notice, he/she will receive payment for the accrued vacation and personal time. The Credit Union will process all claims for unemployment compensation, if appropriate, as stipulated by the federal and state laws. The Credit Union will contest any unlawful unemployment claim.

V. RESTRICTION ON ALL PERSONELL

A. Hours of work

Hours of work will be set with employee by the General Manager or in the case of the General Manager, The Board of Directors. From time to time job responsibilities and hours may vary. They will be spelled out for each employee at the time of employment and/or at annually evaluation.

Unless otherwise stipulated, all employees who work over six months and in excess of twenty four hours a week will be entitled to one paid hour for lunch break per day. All other employee will be entitled to one half hour lunch break per day.

B. Pay period

Unless otherwise stipulated, all employees will be paid bi-weekly by check at a regular time and day. Unless an emergency prevents otherwise this may not change except by
the vote of the Board of Directors.

C. Absence

Employees unable to work must, unless prohibited by an emergency, promptly notify the General Manager, Line Administrator in charge and/or Board of Directors regarding his/her absence before 8:00 A.M. on the day of his/her absence. If he/she is not eligible for a paid leave or covered by accumulated personnel, vacation days or sick time, their salary will be reduced on a per diem basis.

Any employee who fail to notify their superiors of their being absent will not receive payment for such day

D. Tardiness

Employees who are late for work must, unless prohibited by an emergency, promptly notify the General Manager, Line Administrator and/or the Board of Directors, regarding his/her tardiness. If he/she is not eligible for a paid leave or covered by accumulated personnel or vacation days, their salary may be reduced on a pro-rated basis.

E. Training and Educational Opportunities

All employees are strongly encouraged to take advantage of training and educational opportunities. Released work time (paid) will be provided for this purpose at the discretion of the General Manager and/or Board of Directors. In service training may be mandatory at the discretion of the General Manager.

F. Job Related Expenses

Consistent with contract terms and budget allocation, job related expenses will be reimbursed to all employees, If approved by the General Manager.

Employees will keep a record of all job related expenses which will be kept on file.

G. Overtime

Unless otherwise stipulated, it will be the policy of the Credit Union not to pay for over time. Employees who work in excess of their regularly established hours may be awarded compensatory time by the General Manager and/or the Board of Directors.
Compensatory time is accumulated at a rate of one hour for each one hour worked beyond the employee's regular work week. If compensatory time is accumulated consistently, the General Manager will meet with the employee to determine whether the employee's time is being effectively allocated or whether unreasonable demands are being placed on the employee which require additional hours of an employee.

Compensatory time not taken in ninety days is permanently forfeited and may not be claimed at a later date.

H. Grievances Related to Work

Any employee may request an interview with his/her Line Administrator or the General Manager for the purposes of presenting and discussing a grievance (major or minor) related to work, work setting, working conditions, personnel policies and procedures within fifteen days of the incident, if applicable.

If the grievance has not been satisfactorily resolved within seven days the employee may file a written grievance with the Board of Directors.

The Board of Directors will review the grievance and will have the final determination. The employee and any other parties involved will be notified of their decision in writing, within fourteen days of receipt.

VI. BENEFITS

A. Health

Any fulltime, permanent employee will be paid health insurance for his/herself and family members, as long as cost are adequately within the budget of the Credit Union.

B. Holidays, Vacation and Sick Time

1. Holidays

The Credit Union shall observe ten official holidays per year. A list of the holidays will be distributed to the staff in December for the coming year indicating the dates in which the holidays fall. The following are the observe ten holidays:

- New Year's Day
- Labor Day
- The Three King's Day
- P. R. Discovery
- Martin Luther King
- Thanksgiving Day
Good Friday  Day after thanksgiving  
Independence Day  Christmas Day  
* Election day- 2 hours for voting (employee must show evidence of registration)  

Religious holidays may be taken upon request and approval of the General Manager and/or the Board of Directors and will be charged to personnel leave. Day before or after an official holiday may not be taken as personal and/or sick leave. In case of illness a doctor’s note has to be presented.

2. Vacation

All full-time employees shall be entitled to accrued vacation leave during each consecutive twelve months period from the date of employment. Vacation leave may be taken only with the approval of General Manager, Line Administrator and/or Board of Directors.

Accrual is based on the category of the employee; General Manager is entitled to twenty working days; Line Administrator is entitled to fifteen working days; and any other staff is entitled to ten working days.

Part-time employees who work more than twenty hours a week will be entitled to one week paid vacation after one year of continuous employment.

To request vacation leave, the employee must submit a vacation request for approval of the Line Administrator, General Manager and/or Board of Directors, at least four weeks in advance.

3. Sick Leave

All employees will be entitled to sick leave. Sick leave is a privilege, not a right, and it is not to be abused. An employee whose illness extends beyond three working days must provide a doctor’s note upon return to work, or he/she will not be paid for the days he/she was ill.

As the vacation leave, the accrual for sick leaves is based on the category of the employee; General manager is entitled to twelve days per year; Line Administrator to nine days per year; and any other employee to six days per year.

In the event of a serious injury or prolonged illness, the employee will be advised of Disability Benefits available under state and local law.
The general policy of the Credit Union is to maintain the position of a disable employee open for a maximum period of six weeks upon written confirmation of the disability from his/her physician. The employee may, through a written request apply any accrued annual leave to his/her six week period.

C. Personal/Stress Days

All full-time employees will be entitled to three days personal/stress days per year. Employees may combine this with a vacation day, however, it is not allowed to use more than one per quarter.

D. Compassionate Leave

All employees will be entitled to compassionate leave, not to exceed three days. In the case of the death of an immediate family member or household of the employee. This includes spouse, or significant other, parents, child, brother, sister, in-laws, grandparents, or one who has served as guardian for the employee. Such leave must be approved by the General Manager. Or in the case of the General Manager, the Board of Directors.

If the decease lives outside of the area, the employee may take up to five days by combining it with two vacation or personal leaves.

E. Jury Duty

Any employee who is called for jury duty will be paid by the Credit Union the difference between the amount he/she receives from the court and the amount he/she had received had he/she been working at the Credit Union.

A letter or document which can serve as evidence of such duty must be presented to the General Manager, Line Administrator or Board of Directors, for verification.

F. Military Leave

Any employee involve with the Reserve or National Guard unit will be granted the military leave, without pay.

As the jury duty, the employee must present a letter as evidence of such duty.

G. Parenting Leave
Any female employee who has worked at the Credit Union for one year and who is pregnant will have up to ninety days to enjoy the born or adoption of her new child. The Credit Union will pay up to twenty working days. Parenting leave start the day she delivers or received their new adoptive son or daughter. If she needs to start her parenting leave prior to delivery date, a doctor's notice should be presented staying reason(s) for the request.

For any male employee who has also worked for one year and whose wife has given birth to a child or has adopted one will be able to receive up to ten working days with pay.

H. Leave of Absence

The Credit Union may provide a leave of absence without pay to an employee for a justifiable reason, upon the recommendation of the General Manager. The final approval or refusal of the leave of absence is the responsibility of the Board of Directors.

If the leave of absence is granted is not to exceed three months.

VII. BENEFITS REQUIRED BY LAW

A. Worker's Compensation

All employees are entitled to be covered under the Credit Union worker's compensation insurance plan. This program provides benefits in case of accidental injury received in the performance of duty. This insurance is paid for completely by the Credit Union.

All injuries must be notified to the General Manager, Line Administrator or Board of Directors immediately.

B. Social Security

All employees have contributions deducted from their pay for social security benefits. The Credit Union contributes a matching amount. Social security benefits includes: retirement income, disability payments, medicare, and family benefits if the employee dies.

C. Unemployment Compensation

All employees are covered by the Pennsylvania Unemployment Compensation Act. The Credit Union pays the
full cost of this protection.

VIII. SITUATION NOT COVERED BY THIS MANUAL

If a situation arises which is not covered by a policy describe here, it should be discussed with the General Manager, who will subsequently develop a policy in conjunction with the employee and Board of Directors. In addition, this manual may be amended at the discretion of the Board of Directors.
Dear Colleague:

Borinquen Federal Credit Union (BFCU) is conducting a capitalization campaign to reach our goal of $1,000,000.00 in assets for December 1990. As the only financial institution owned and control by the Puerto Rican/Latino community in Philadelphia, it is very important that we make a statement through a steady growth, development and soundness.

Ford Foundation has granted BFCU a $50,000.00 deposit at 2 1/2% interest rate for 5 years as part of our efforts. This deposit is to be matched with deposits from the community to insure local participation and commitment in the development and growth of our only financial institution. We are requesting your participation in this effort by committing to deposit part of your general budget in BFCU. (Only 5% of your total budget can make a big difference). All BFCU deposits are insured by the National Credit Union Administration (NCUA) up to $100,000.00 per account. We are a very liquid institution which guarantees that you can have access to your money at any time.

As of May 1990 BFCU had $758,000.00 in assets and count with more than 1000 active members. Your organization, board, staff and clients can become part of this important movement of building a strong institution to service the financial needs of our community. As of now we have been able to enroll the support of Fidelity Bank, Philadelphia National Bank and The Philadelphia Foundation, that have subsidized the operations while we work on developing the economic resources to become self-sufficient. The Sheriff Department has made a deposit of $50,000.00. Many individuals and some community organizations have become members and have trusted that we can do it. Now is your opportunity to pledge your support as you did it in 1986, but adding an investment with your letter of commitment.

When you make a deposit in BFCU you are re-investing in the community, helping to provide access to credit and saving opportunities to many who mainstream financial institutions have neglected to serve. For each $1.00 that our community invest in BFCU we can attract 20¢ from outside investors. NCUA says that they can only invest when you invest. You can make the difference.

"El futuro es tuyo si ahorras ahora."
One of our board members will be calling you during the week of ___________ to arrange for a presentation to your board. If you have questions or need further information you can call Socorro Rivera, our general manager, at 425-8119.

Thank You for your cooperation.

Sincerely yours,

Jose Rivera-Urrutia
President

"BORINQUEN FEDERAL CREDIT UNION NI TU YA NI MIA, NUESTRA"

"EL FUTURO ES TUYO SI AHORRAS AHORA"
New Hampshire College
Community Economic Development National Program
Project. Contract

BORINQUEN FEDERAL CREDIT UNION
March Report

Presented to:
David Miller

Prepared by:
Socorro Rivera
José A. Rivera-Urrutia
Credit Committee

* Committee has met and drafted a new loan policy based on BFCU need. This policy will be submitted for approval at our April Board Meeting. See attached.

* A collection policy has been drafted for written off loans. See attached.

* Written off loans list has been up-dated so collection procedures can begin on April.

* Committee is actively working in the supervision and approval of new loans. Also, they have taken collection responsibility from the manager work load.

Supervisory Committee

* An schedule has been prepared for supervisory examination. See attached.

Education/Promotional Committee

* A brainstorming session occurred between BFCU staff and committee member to identify areas of need. A draft for an educational/Promotional plan has been developed. See attached.

* BFCU staff met with a Latino Radio Station to discuss the possibility of some pro-bono publicity.

Computer System

* BFCU met with Philadelphia National Bank to discuss the hardware and operational information. However, negotiations continue on the name brand of the hardware.

* A tentative schedule for installation of the BFCU system has been defined. See attached.
Fundraising Plan for BFCU

* BFCU as well as the other organizations participating in CEIBA, a group of non-profit economic development organizations serving the latino community, continues to negotiate with local banks the investment alternative for our community. Banks in negotiations are PNB and Mellon Bank.

* BFCU is also in the process of consummating a partnership agreement with Continental Bank for mortgage counseling.

* BFCU participated in a meeting with the Pew Charitable Trust to discuss the foundation commitment and/or participation within the Latino community. BFCU was giving priority by the other community organizations as the banking alternative for our community and presented as such to the foundation.

* BFCU has been meeting with other neighborhood credit unions, banks and the Episcopal Church representative to discuss possible partnership between CDCU's and banking institutions(4 local largest banks are represented) and area funding sources. BFCU has an active role in the process and is represented in the planning committee and the fundraising committee.

Network with other CED organizations

* BFCU as part of the CEIBA group participated in a two days retreat to define groups participations and structure of the association.
ATTACHMENTS
BORINQUEN FEDERAL CREDIT UNION
CREDIT POLICY

1. Applicant must be a member of BFCU for at least four months prior to submitting a loan application.

2. Member must have shown a saving pattern (no limit as of amount). Nevertheless if member does not have in shares the minimum amount required to make a loan, he/she will be permitted to take a bigger loan and deposit the difference needed in order to qualify.

3. Shares requirement will be based on amount of loan as follows:
   a. Loans under $5,000.00 - 50% in shares
   b. Loans from $5,001.00 to $7,000.00 - 40% in shares
   c. Loans of $7,001.00 and over - 33% in shares

4. Collateral will be requested in any loan over $1,000.00. Collateral can be in the form of shares, co-signer, car and/or real-estate property. The following are the requirements:
   a. co-signer (must submit same documentation as applicant and demonstrates ability to pay)
   b. car - must be paid and have full-cover (lien will be placed on title, which will be paid by applicant)
   c. real-estate property - only for loans over $7,000.00

5. Any loan over $10,000, not fully guaranteed by shares, applicant and co-signer (if applicable) will be requested to pay for a credit report.

6. Any loan guaranteed with real-estate property, applicant must pay in advance for appraisal and title search fees. If loan is approved, lien fees will also be charged to applicant.

7. Signature loans can be granted to members with a good credit history, particularly with the credit union. Loans cannot exceed $1,000.00 and must have at least 25% of the requested amount in shares. Credit report will be compulsory and paid by applicant.

8. Application fee will be charged in advance. If loan is approved, total fee will be kept, if loan is rejected, application fee will be returned, if loan is approved but applicant cancel the application, only 50% will be returned. Application fees are as follow:

   a. $50.00 to $300.00-------------------------$2.50
   b. $301.00 to $1,000.00-------------------------$5.00
   c. $1,001.00 to $5,000.00-----------------------$10.00
   d. $5,001.00 to $10,000.00----------------------$20.00
   e. $10,001.00 to $15,000.00--------------------$30.00
   f. $15,001.00 to $20,000.00--------------------$40.00
   g. $20,001.00 to $30,001.00---------------------$50.00
   h. $30,001.00 and over------------------------$75.00

* Except BHILP Loans
9. Interest rate for personal loans will be 12%, for share loans and/or loans guaranteed 100% with shares will be 10% and for BHILP loans 7%. These rates will be evaluated every three months and revised if needed.

10. All applicants will be required to bring documentation to prove income and expenses. Documentation for prove of income must be for the last month and documentation for expenses for at least two months. (Extra documentation may be requested if application show questionable line items).

11. Criteria for BHILP loans will be the same required by the City of Philadelphia Department of Housing and Community Development: a description of job to be performed, two cost estimates and the deed of the house. Applicants must have at least 25% of amount to be requested and been a member of BFCU for at least four months.

12. All applicants will be evaluated based on the above criteria. Credit committee may be permitted to make limited exceptions under extremely meritorious situation.

13. THESE POLICIES WILL BE EVALUATED EVERY THREE MONTHS AND CHANGE OR AMEND IF NECESSARY WITH THE APPROVAL OF THE BOARD OF DIRECTORS.

Revised as of ______________________ to be implemented as of ______________________.
BORINQUEN FEDERAL CREDIT UNION
LOAN COLLECTION PROCEDURES

1. Send first delinquent letter 10 days from said due date of monthly payment;

2. End of month send second warning letter and call member;

3. Following month send third warning, advising the member of home visit if he/she does not respond by the end of the month;

4. Call member for the second time if phone available;

5. Once member is delinquent for two months, loan is placed in list for home visit. Home visit must be conducted within a week after loan has been identified as risky;

6. An assessment of member's situation is to be conducted and the appropriate action taken. There are three alternatives, member may be able to pay the delinquent loans and continue paying under the same payment schedule, member may need a payment plan or member may need to re-finance the loan for a longer period of time to be able to afford payments. Under extreme circumstances, member may need a grace period to overcome crisis;

7. Once loan is delinquent for two months and member has not responded, co-signer (when applicable) must be notified;

8. If collection actions do not work, loan will be referred to the lawyer, after loans are four months delinquent. DUE TO THE HIGH COST OF COLLECTING LOANS THROUGH LEGAL MEANS, ALL EFFORTS MUST BE DONE PRIOR TO REFER ANY LOAN TO THE LAWYER.

9. COLLECTION PROCEDURES IS THE RESPONSIBILITY OF THE CREDIT COMMITTEE AS WELL AS MONITORING OF ACTIVITIES RELATED TO COLLECTION.
BORINQUEN FEDERAL CREDIT UNION
Loan Collection Procedures for
Written Off Loans

1. Choose a committee to collect these loans.

2. Committee must prepare documentation of each loan prior to start collection action (total debt, address, phone number, references, work place, any legal action taken by BFCU, etc.)

3. Those who have phone number should be called and advice them to make the payments or a committee from the board will visit them in their house and/or work place if necessary.

4. Committee must take necessary paper work to sign an agreement of payment.

5. If member has moved, committee must try to identify where he/she moved and when.

6. For BHILP loans it is important to explore the reason(s) people had to stop making payments and take not of it.

7. For BHILP loans it is important to check work that was done in the house with the loan and use this as leverage while requesting payment of the delinquent loan.

8. It is important to make members realize that they owe this money to another member who is in the same economic/social situation as he/she is. He/she is impeding the other members' ability to make loans, nevertheless when they had a need to make a loan other members made it possible for him/her.

9. Committee members should not be the same if a second, third visit is needed.
There is a need to educate our potential membership on the importance of a financial institution own and run by us, oriented to our specific needs. In this educational/promotional plan we must take advantage of the cooperative experience of Puerto Ricans in the Island.

The initial work need to be oriented to the individual prospective new members. The second target group are the community organizations. The third group are the small businesses in the community.

To develop the educational/promotional plan we divided the work to be done as immediate, short future and long term action plan.

The first priority is to develop audio-visual educational material for our membership and for prospective members. During the Spring of 1990 we will be working in developing a brochure, providing information about cooperativism, history of BFCU, services provided, future of the organization and the relationship of the credit union with any possible community economic development plan in the community.

The committee will be contacting the Puerto Rico Credit Union League and "Fomento Cooperativo" to request educational material to be used as reference for the development of BFCU educational/promotional information.

This committee will be working closely with the management of the credit union to identify funding for the brochure and other educational/promotional materials.

During the spring we will be contacting the leadership of the different churches in the area to begin an educational/promotional campaign for new members. This task will begin no later than May 1990. It will be divided in two steps:

1. meeting with the clergy to discuss the plan and to educate the group on the importance of BFCU, encouraging the churches to be not only members but promoters of the institution,
2. visit the churches when having activities to provide general information about the credit union and to handle the brochure,
3. develop group seminars on cooperativism for church leadership. This to be used as a mechanism to develop interest and support from leadership because church members will respond better to them than to individuals coming from the outside.
4. Emphasis will be given to develop special activities to involve the youth leadership of the churches in the process.

During the summer we will target the membership on an ongoing educational/promotional campaign. The main purpose of this campaign is to involve the membership in the decision making process of the credit union (particularly to secure fully participation of members in annual meeting). The second purpose is to inform membership about services available, the importance of saving and how can they benefit from the loan service program, while maintaining their saving in the credit union. We are also interested on involving the membership in the membership campaign. We are proposing to have a context among members and the new members they bring for the annual meeting.

The third priority within the educational/promotional is to identify funding to establish a weekly, 30 minutes radio show patronized by the credit union to provide orientation to the community on different areas such as banking, real-estate, small business, community development work and others. This program will be oriented to integrate the function of the credit union into the general Economic Development structure of this community.

This committee will establish contact with the radio and TV Spanish talk shows to participate in their programs informing their audience about BFCU's services and benefits. Also contact will be made with the Latino newspapers to have some articles written on the credit union.

We will also be contacting the boards of the different community organizations on this area to encourage them to become members of the credit union. It is important to communicate to board members and directors of other organizations that the credit union is a viable financial institution, which they should consider as an alternative to fullfill some of their banking needs. Besides receiving services they will also be contributing to the development and growth of a financial institution that will be able to channel the economic resources within the community. For each dollar that they deposit into the credit union we can match it with outside deposits that will benefit the members and the community in general. After the boards and directors are sensitized to the idea we will conduct workshops for employees to recruit them as members and to encourage them to inform their clients and other colleagues in the community.
The purpose of the educational committee is to increase the membership by 35% in 1990 and to increase the membership by 90% by 1992. Our second goal is to support the credit committee in achieving their goal of increasing the loan portfolio of the credit union. Our third goal is to increase the asset base of the credit union to $1,000.00 by Dec. of 1990.

The following is a tentative calendar of events:

1. Develop an informational fact sheet ------------April 1990
2. Identify information for brochure--------------April 1990
3. Contact church leadership---------------------April 1990
4. Start meetings with leadership---------------April 1990
5. Prepare draft for brochure and identify funding for printing and distribution----------May 1990
7. Have brochure ready for distribution-----------July 1990
8. Contact media to start a community at large educational and promotional campaign--------July to Sept. 1990
9. Start meetings with leadership of community organizations-----------------------------Sept. 1990
10. Coordinate workshops for employees of community organizations----------------------Dec. 1990
11. Evaluation of first nine months----------------Dec. 1990

Based on the results of the first nine months of operation the committee will develop the plan for 1991.
AMI INSTALLATION/TRAINING SCHEDULE

Credit Union Name: Bosqueview Federal Credit Union
Street Address: 2640 North 5th St.
City: Philly State: PA Zip Code: 19133

Contact/Title

Phone Number

Manager's Name

Credit Unions Phone Number

Number of Employees: _______ Hours Open: ____________________

Type of System

Federal ID #: ____________________

Conversion Date Desired: July 1, 1990

Type of Conversion

Service Bureau Contact/Title

Phone Number: ________________
### AMI Installation Schedule

**BORINQUEN FEDERAL CREDIT UNION**

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Responsible</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hardware Installation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- PC and Peripherals Delivered</td>
<td>Box, FCU</td>
<td>4/14/90</td>
</tr>
<tr>
<td>- Multi User Installation</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>- Cabling</td>
<td>Box, FCU</td>
<td>4/14/90</td>
</tr>
<tr>
<td><strong>Software Installation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Load AMI Software</td>
<td>AMI</td>
<td>4/17/90</td>
</tr>
<tr>
<td>- Review Training Package</td>
<td>AMI/Box</td>
<td>4/17/90</td>
</tr>
<tr>
<td>- Review Master Reports/Info</td>
<td>AMI/Box</td>
<td>4/17/90</td>
</tr>
<tr>
<td>- Obtain CU Parameters</td>
<td>AMI</td>
<td>4/17/90</td>
</tr>
<tr>
<td><strong>File Conversion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Obtain Reports/Info</td>
<td>Box, FCU</td>
<td>4/18/90</td>
</tr>
<tr>
<td>- Begin Data Entry</td>
<td>Box, FCU</td>
<td>4/18/90</td>
</tr>
<tr>
<td>- Finish Data Entry</td>
<td>Box, FCU</td>
<td>6/29/90</td>
</tr>
<tr>
<td>- Obtain Month End Balances</td>
<td>Box, FCU</td>
<td>7/2/90</td>
</tr>
<tr>
<td>- Begin Month End Balances</td>
<td>Box, FCU</td>
<td>7/2/90</td>
</tr>
<tr>
<td>- Complete Month End Balances</td>
<td>Box, FCU</td>
<td>7/9/90</td>
</tr>
<tr>
<td><strong>AMI Training</strong></td>
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<td></td>
</tr>
<tr>
<td>- Staff Training</td>
<td>AMI</td>
<td>7/10-12</td>
</tr>
<tr>
<td>- Enter BackPosting</td>
<td>Box, FCU</td>
<td>7/10-12</td>
</tr>
<tr>
<td>- CU Current on AMI System</td>
<td>AMI/Box</td>
<td>7/12/90</td>
</tr>
<tr>
<td><strong>Month End Training</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Verify Parallel Posting</td>
<td>AMI/Box</td>
<td>8/1/90</td>
</tr>
<tr>
<td>- Cut-Over Date to AMI System</td>
<td>AMI/Box</td>
<td>8/1/90</td>
</tr>
<tr>
<td>- CU Live on the AMI System</td>
<td>AMI/Box</td>
<td>8/1/90</td>
</tr>
</tbody>
</table>
Quarter End Training

- Set Up Que Master
  - [Name] [Date]: 10/1/90

- Overall Review of System
  - [Name] [Date]: 10/1/90

- Letter of Recommendation
  - [Name] [Date]: 10/1/90
To: Jose A. Rivera
Director Community Relations Department

From Floyd Woods
Soft Warehouse Computer Store

Dear Mr. Jose Rivera

The following pages contain the information that you requested. It is configured to meet the needs that you requested.

The ARL Powerflex will fill the needs for the 386/20. The PB FORCE 386SX Machine will be suitable for the other machines that you wanted. The cost is for one machine configured the way that you specified. The total cost will have to be multiplied by the number of machines that you wish. If you desire more information or have any questions fell free to call.

THANK YOU FOR CONSIDERING SOFT WAREHOUSE

FLOYD WOODS.
## Internal Items

<table>
<thead>
<tr>
<th>System Unit</th>
<th>Type</th>
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<td>24507</td>
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<tr>
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<td>510mb</td>
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**Additional Information:**
- Mach II upgrade Board: 450.904 (155)

## Peripherals

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**Tele Video Monitor:**
- Qty 2: 379 and 650110 (758)

**Tele Video Key Board:**
- Qty 2: 109 and 650143 (218)

## Service Zone

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<th>Level Three</th>
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**Sub Total:** 9469

**Sales Tax:**
- Grand Total: 9469

Customer acknowledges that he has read this agreement and agrees to be bound by its terms and conditions. Additional terms and conditions may be found in their SOFT WAREHOUSE INC.
**SOFT WAREHOUSE**

**SYSTEM CONFIGURATION AGREEMENT**

| Company Name | Woods
|--------------|---|
| Date of Sale | 7/3/71
| Sale Invoice Number | 1229

**INTERNAL ITEMS**

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**PERIPHERALS**

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<td>Mouse</td>
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**SERVICE ZONE**

<table>
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<tr>
<th>Service Level</th>
<th>Price</th>
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<tbody>
<tr>
<td>Level One</td>
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<tr>
<td>Level Two</td>
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**SUB TOTAL** | 7,773.80

**GRAND TOTAL** | 7,773.80

**CUSTOMER ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.**

**SOFT WAREHOUSE, INC.**

---

1. Set the date format to `dd-mon-yyyy` for the invoice date: 7/3/71
2. Validate the pricing and quantities for all items listed in the table.
PROPOSAL TO

PHILADELPHIA NATIONAL BANK

FROM CEIBA

Description & Purpose Mission of each member organization

The Need for Ceiba

Ceiba Projects

Project Objectives / Methodology

Project Budget

Appendixes
  Computerization Goals
  Board of Directors / 501-c-3 of each member organization

Philadelphia, January 1990

PROPOSAL TO PHILADELPHIA NATIONAL BANK FROM CEIBA

The People of Puerto Rico are very proud of their deep rooted Ceiba tree,
indigenous to Puerto Rico dating back to the Pre-conquest Island then called Borinquen by its inhabitants. The Ceiba has survived the conquest, colonization, industrialization and the natural catastrophes throughout the centuries providing the people of Puerto Rico with a standard of endurance and reliability.

The Ceiba Association is a group of community controlled hispanic development corporations who have coalesced to become a unified voice for responsible community controlled development, for and by the latino community. The development agencies are working toward the creation of a collective latino technical capacity. To facilitate our community development, structures will be developed by which the latino community controls and derives the benefits of the created wealth. All projects are planned and designed to eliminate community dependency and promote collective growth, self esteem, endurance and reliability.

Ceiba is governed by its member organizations, with staff meeting the technical needs of those organizations.

Ceiba is comprised of the following Latino Community Development Agencies: Norris Square Civic Association, Nueva Esperanza, Borinquen Credit Federal Union, Manos Unidas Community Land Trust, Hunting Park CDC and Centro Pedro Claver. All the agencies are non profit corporations whose boards are majority Latino, living and working within the latino community. The agencies each have their own geographic boundaries all of which include the area known as the "Latino Corridor" Roosevelt Blvd. to the North, 6st South of Allegheny 10th St. North of it to the West, Front St. on the East, and Girard Ave. to the South.

Description & Purpose/Mission of each member organization

BORINQUEN CREDIT UNION

Borinquen Credit Union provides savings accounts consumer & home improvement loan and mortgage counseling. This Credit Union has over 1000 members.

CENTRO PEDRO CLAVER

Centro Pedro Claver is a 501 (c)(3) community-based, multi service organization serving the growing Latino population of North Philadelphia.

Founded in 1978 by Father David Ungerleider, S.J., Centro Claver was incorporated in July of the following year. Currently housed at 3565 North 7th Street in North Central Philadelphia, the mission of the organization is to "investigate and research the most pressing problems confronting our community, and then resolve them as adequately as possible."
Over the past eleven years Centro Pedro Claver has served the Hunting Park Neighborhood as well as the Latino Community of North Philadelphia by assisting over 300 families become homeowners, by providing social services and advocacy resources to 10,000 families, and by providing employment opportunities for more than 380 young people.

HUNTING PARK COMMUNITY DEVELOPMENT CORPORATION

Established in 1980, the Hunting Park Community Development Corporation (HPCDC) responds to a variety of housing and economic issues facing the residents of Eastern North Philadelphia in general, and the community of Hunting Park in particular. It has developed programs in the areas of housing rehabilitation, housing and mortgage counseling, business/economic development and job development corporation, HPCDC is concerned with people development as well as physical development, both of which are viewed as integrally related to the overall stabilization and improvement of the community.

HPCDC concentrates its activity in the northern sector of what has become known as the "Latino Corridor." This target area is geographically bounded by Roosevelt Boulevard on the north, Allegheny Avenue on the south, Front Street on the East and Broad Street on the west. The "Corridor" as a whole extends south to Girard Avenue, west of Broad Street into the Spring Garden neighborhood and northward into the Feltonville section and above Roosevelt Boulevard into Olney and the Lower Northeast.

MANOS UNIDAS COMMUNITY LAND TRUST

Manos Unidas Community Land Trust is a community-controlled nonprofit organization whose purpose is to maintain permanently affordable homeownership in Eastern North Philadelphia. The CLT maintains land in trust for homeowner families, thus guaranteeing that properties are held for low-income residents of the community.

NORRIS SQUARE CIVIC ASSOCIATION

Norris Square Civic Association, Incorporated in 1982, was founded by neighborhood residents in order to improve the physical aspects of the neighborhood by developing the educational social and economic skill base of neighborhood residents.

NUEVA ESPERANZA
Nueva Esperanza is a non-profit 501c3 founded for the purpose of raising the economic, educational and social levels of the poor, distressed, displaced and under privileged hispanic individuals. The Board has prioritized housing and economic development for the decade of the 90's.

The Need for Ceiba

The physical decay of Hispanic North Philadelphia has been clearly documented throughout the decade by various sources (Temple University "The State of Hispanic Philadelphia", 1984 and City of Philadelphia, OHCD, "The North Philadelphia Plan", 1988) Though often pitted against each other for access to limited resources six Hispanic Community Development agencies have formed the Ceiba Association for the purposes of harnessing and maximizing available a central staff (i.e. developer, construction and property manager) would save each agency from having to raise thousands of dollars in staffing and T.A. The central staff would distribute its time among member agencies by providing direct services and training community people thereby increasing organizational capacity. Central staff would train community people by involving them in our agencies current and projected projects.

Ceiba Projects

Centro Pedro Claver has 2 scattered site single family unites, the Schiller St. project a rehab of 15 low-income single family units and a 30 unit joint venture with Hunting Park CDC at 1200 and 1300 W. Erie Ave. Both the 15 and 30 unit ventures are at acquisition stage.

Hunting Park CDC has the 30 unit joint venture, 5 low-income single family units (scattered site), a 10 unit single family development in acquisition stage for fall. In addition there are 4 economic development projects; the operation of a 1,700 sq. ft. concession facility as a subsidiary of HPCDC, the incubation of a waste recycling enterprise, the proposed development of an outdoor concert facility for cooperative use in the restoration of an 87 acre park, and the packaging, development and the assistance in financing area small businesses resulting in 1.5 million in private financing of commercial enterprises.

Manos Unidas Community Land Trust is in process of acquiring 20 single family units for rehab. (scattered site).

The Norris Square Civic Association has targeted producing 46 units, twenty units are for rental the others are mixed use. Over 18 units have been acquired with the others going through the condemnation process. In addition to these housing endeavors NSCA has acquired three abandoned bank buildings on the 2000 block of Front Street for cultural and economic development ventures.
Nueva Esperanza is seeking a mortgage for a 5 unit low-mod. income senior citizens rehabilitation project at 2400 N 2nd St. Property Acquisition has begun at 2402 N. 2nd for a 6 unit senior citizen project. 1727 Hancock has been acquired for the purposes of developing a 35 unit cooperative with 3 community/economic development enterprises there are 3 scattered site projects and the 2nd St. laundromat a $300,000 commercial enterprise in conjunction with PCDC.

In total there are 131 units of housing and 12 economic and cultural development projects that Ceiba agencies intend to develop in the coming years.

Project objectives / methodology

With the support of PNB, Ceiba will accomplish the following objectives over a six month period.

1) Establish a computer networking system designed to create mortgage product activity between member organization and Borinquen Federal Credit Union.

Member organizations will purchase the computer equipment and software necessary to set up Borinquen Federal Credit Union’s financial systems. Each member organization will act as a branches of Borinquen for the purposes of marketing the mortgage product and providing initial counseling. Each member organization will require a computer in order more effectively network with each other.

2) Provides support to member organizations the development of their housing projects.

Ceiba will hire a housing developer whose job will be to coordinate housing projects of members organizations. The developer will help organization with acquisition and disposition strategies, timeliness and supervision, and specific tasks related to housing development.

3) Create and carry out a long-term development plan for the revitalization of the latino community.

Each member organization will devote 30% of its resources to the development of Ceiba as the vehicle through which long-term revitalization plans are carried out. Organization will meet regularly with each other and as Ceiba with other institutions to bring new resources for development into the latino community.
Project Budget

The following comprises the budget which we need to carry out our objectives:

Ceiba staff-housing developer $ 35,000
Computerization $ 45,000
Operational support ($25,00 x 6) $ 150,000

$ 230,000.
Computer Hardware

*Borinquen Federal Credit Union
- 20 MNZ 386
- 2 Meg RAM
- 150 MB 28 MS
- 3.5  1.4 Meg Floppy
- 5 1/4  1.2 Meg Floppy
- MS or PCD or 3.3
- Serial Ports
- 1 Parallel Ports
- VGA Color Monitor w/card (16 bit)
- 200 W Power Supply
- 2 Terminals with screen
- Back up tape system
- Laser Printer
- UPS system
- Printed Circuit Board
- Modem

Total $ 8,500.00

*Other Organizations
- 16 MHZ 386
- 2 Mo RAM
- 80 MB 28 MS
- Award, AMI, or Phoenix BIOS
- 3.5  1.4 Meg Floppy
- 5 1/4  1.2 Meg Floppy
- Ms or PCD or 3.3
- 2 Serial Ports
- 1 Parallel Ports
- VGA Color Monitor with card (16 bit)
- Laser Printer
- Modems $ 4,000.00

$ 20,000.00

Total $28,500.00

*Recommended:  IBM Compatible or IBM
Nueva Esperanza
Board of Directors 1990

Mr. Neftali Ortiz, M.D. President
Psychiatrist, Professor Jefferson Hospital
Philadelphia, PA

Mrs. Sylvia Armella, Vice-President
Single parent, employee of Philadelphia School Board

The Rev. Hector Colon, Secretary
Pastor of El Mesias, United Methodist Clergy

The Rev. Roberto Maldonado, Treasurer
Pastor of San Barnabas, Episcopal Diocese of Pennsylvania Episcopal Clergy

Mr. Juan Laureda, Esq.
Attorney, President of Laureda & Bosch

Mrs. Sonia Escalera
Single parent, student, Philadelphia Community College

Mr. Richard Smith
Retired Director of Community Programs & Services for Episcopal Community Services

Staff:

The Rev. Luis Cortés, Executive Director
American Baptist Clergyman

Mrs. Rose Mary Palomino, Administrative Assistant

Mrs. Rosa Reyes, Office of Community Development
The purpose of developing a three year plan is to project ahead the steps and resources needed for Borinquen Federal Credit Union (BFCU) to be developed into a more stable and sound financial institution. This plan also is trying to achieve the purpose of identifying the resources and mechanisms that BFCU needs to be able to be more profitable, without alienating itself of the reality of the socio-economic conditions of our members and the community we serve.

We visualize this process in four goals:

I. Internal re-structuring
II. Budgeting and financial monitoring
III. Marketing
IV. Diversification of services


Although during the last three years we have had an active board and staff working hard and diligently in saving the credit union, we have approached this process from crisis to crisis. Also because two members have been added to the board, an educational process must happen. Now it is time for us to work on a more structured, controlled and measurable plan for operations.

A. Board of Directors

The board of directors needs to do a self-evaluation if its process and procedures and an assessment of internal skills and skills needed to run the credit union effectively and efficiently.

The first step in this process is the evaluation of committees, their responsibilities and the plan for improvements and/or changes.

1. Credit Committee

   a) conduct a workshop on credit committee rules, regulations, procedures and goals for BFCU specifically

   b) develop a written plan with measurable goals and time-tables

   c) revise loan policies(to increase number of loans and to expand the loan portfolio)
1. **Credit Committee** - cont.

   d) revise collection policies and procedures to:

   (1) collect delinquent loans that have been charged off

   (2) collect loans that may become delinquent

   (3) select individuals who will be in charge of home visits for the last attempt in the collection of the charge off loans

   e) meet with staff to identify the information needed for a promotional package for loan services

   f) develop a pre-scheduled calendar of events and a tool for monitoring and evaluation

   g) review loan files for accuracy and efficiency

2. **Supervisory Committee**

   a) identify new members for the committee

   b) conduct a workshop on rules, regulations and procedures for members of committees

   c) conduct supervisory examination

   d) meet with the board to discuss results of supervisory examination

   e) develop a pre-scheduled calendar of events and a tool for monitoring and evaluation

3. **Ad-Hoc Committee on Education/Promotion**

   a) develop an education and promotional plan for the overall services of the credit union

   b) identify resources to implement the plan

   c) develop materials to conduct a promotional campaign

   d) develop a pre-scheduled calendar of events with the tools for monitoring and evaluation

   e) conduct at least three educational workshop on cooperativism for members and/or potential members.
4. The Board of Director as a Body
   a) assess the weaknesses and strengths of the members as well as their skills for the operations of the credit union.
   b) develop a pre-scheduled calendar of events for training sessions, annual retreat and annual membership meeting.
   c) monitor and evaluate committees activities to assess progress and make recommendations.
   d) evaluate staff performance for the last three years and make recommendations for improvement.
   e) develop a personnel manual that will address the credit union needs as well as the staff needs.
   f) identify economic resources to pay for staff

B. Staff

1) assess client needs for services and develop a plan to implement and/or expand services, including assessment of business hours.

2) conduct a self-evaluation on effectiveness and efficiency as it relates to work load and present it to the board for evaluation and recommendation.

3) develop a plan for computerization of accounts and operations.

C. Office

1) review files and develop a more efficient filing system (space, time and record organizing).

2) organize office space to be more efficient, effective and time saver.

3) identify minimum equipment and furniture needed to accommodate office and service needs.
II. Budgeting and Financial Monitoring - Starts in January, 1990 - On-going

A. Develop a three year realistic budget for operations and a monitoring system. (see attached)

B. Maintain close control on investment policies and make a projection analysis on investment.

C. Make a projection analysis on loans and the effect on income.

D. Identify possible minimum service charges.

Projected Income from Operations at Actual Level of Growth

<table>
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<tr>
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<th>1990 Loans</th>
<th>Investments</th>
<th>Affordable Service Charges</th>
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<tr>
<td>Loans</td>
<td>based on an increase of $5,000.00 monthly at an average rate of 10.9% (10.8% old loans-11% new loans)</td>
<td>based on a steady level because new deposits will be loaned out.</td>
<td>based on membership fees, monthly service charge per account, insurance fee and loan application fee. Some of these fees are already in place and will be increased, some will be added now.</td>
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<tr>
<td></td>
<td>$14,346.00</td>
<td>$40,716.00</td>
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<td>based on an monthly based $5,000.00 over previous year.</td>
<td>based on the above</td>
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<th>Investments</th>
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<td>$41,520.00</td>
<td>42,198.00</td>
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<td>$95,200.00</td>
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</table>
The figures mentioned in the preceding page represent a conservative projection based on the actual growth and a limited marketing campaign and results.

III. Marketing - April, 1990 to December, 1990

A marketing and promotion campaign is an essential piece for achieving our goal of decreasing dependency. This campaign will encompass the following objectives:

a) to increase membership  
b) to attract non-member deposits  
c) to promote loans

By increasing membership we will increase deposits and will have more funds to lend out and to invest. Also this will produce more income from membership and service charges.

The non-member deposits, particularly if we can target social investors, will increase our ability to receive extra income from having to pay lower return on investment. It will also increase our asset base.

The increase in loans will produce more income because the return on investment is higher than investment in other areas. It will also provide a service to the members that can also increase their dividends.

IV. Diversification of Services - July, 1990 - On-going

Due to the fact that BFCU is almost the only alternative our community has as it relates to access to a financial institution, we have the responsibility of looking for alternatives to better serve our members and the community in general.

Our marketing campaign and other efforts will be ever more effective if we have a diversified product for a diversified demand. Although the most needed services are regular saving accounts and loans, there is a reasonable amount of members and potential members who can benefit from other services such as CD's and saving clubs. Nevertheless we do realize that before adding any service to the credit union, we must prepare a cost analysis and a capacity analysis.

We do recognize that mortgage loans and/or services are a pressing need in our community and we have the responsibility of exploring alternatives to meet these needs. Nevertheless as part of the process we must take into consideration that we may need to add another staff person before we can assume extra responsibilities.
How are we going to survive, while increasing income and decreasing dependency?

For the last year BFCU has been working with two goals:

A. to be able to identify resources to support the operations of the credit union, while working on self-sufficiency.

B. to identify ways of increasing income from operations without alienating ourselves of the socio-economic reality of our members and the community we serve.

The following have been the results of the negotiations and conversations with outside institutions and resources:

Objective A.

1. Philadelphia Foundation has verbally committed a three year challenging grant, which is expected to be over the $15,000.00 they granted us in 1989. A proposal was submitted on January, 1990 for a $75,000.00 grant, $25,000.00 a year.

2. Fidelity Bank has verbally committed itself to continue supporting us for the next three years. For 1990 they approved $27,560.00. We are expecting the same level of support for the following two years.

3. Philadelphia National Bank (PNB) has committed its support for the following three years, at least at the same level of funding ($10,000.00), although they may increase it.

   Our projected budget for 1990, 1991 and 1992 are trying to reflect the reality of funding based on the number of years BFCU has been funded by each source and their funding pattern with other organizations.

Objective B.

1. Negotiations are in progress with PNB to develop a joint venture project for mortgages. This will allow BFCU to take applications for a fee during the first year. Also PNB will train a staff person of BFCU on mortgage applications and underwriting procedures. After the first year, BFCU should have developed the skills and resources to issue mortgage loans as part of its portfolio. PNB is also considering the possible alternative of buying loans from BFCU, if needed. This will help BFCU to receive other income during the first year, train at least one staff to be a loan officer and after the first year expand the number of loans through mortgages. This will increase the income by the interests received and the fees related to mortgages.
Objective B. - cont.

2. BFCU will be working with five other Latino Community Development Organizations on negotiating joint venture projects like the above with other banks. This will increase the ability of the credit union to receive fee for services which will not necessarily affect the pocket of the members, expand the services of the credit union without increasing costs and increasing the asset base. Part of these negotiations will be for non-member deposits also.

3. We will also be working with Philadelphia Rehabilitation Plan (PRP) to re-activate Home Improvement Loan Fund. PRP will pay BFCU a fee for each client that is referred who will be able to match a grant with one of our loans to improve their homes. This will have a double effect because besides the fee we will receive, this will increase our outstanding loans.

4. Along with these negotiations we are also including the resources BFCU will need to be able to accommodate increase in daily operations load. Actually we are negotiating with PNB a computer system and grant money for a staff person to become a loan officer. Also they will provide technical assistance and training, as well as serve as liaison to other institutions that can support us.

Fidelity Bank has supported us in the last three years not only financially but with technical assistance and furniture when we have need it. We are also counting on their support in our development process.

It is our expectation that the above will help us to produce more income and decrease dependency in outside resources. This process will also help us to be more efficient, effective and have the adequate resources to maintain the credit union serving our community in years to come.

As we are expecting, if we are able to produce more income while receiving subsidy, we will try to build our reserves to adequate levels to be able to support growth and expansion of services.
**Projected Budget 1990**

### Projected Income:

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<tr>
<th>Source</th>
<th>Amount</th>
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<td>Fidelity Bank</td>
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<tr>
<td>Philadelphia Foundation</td>
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<td>Philadelphia National Bank</td>
<td>10,000.00</td>
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<tr>
<td>Income from Operations</td>
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Total Projected Income: $122,580.00

### Projected Expenses:

#### Operational Expenses:

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<th>Item</th>
<th>Amount</th>
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<td>Legal Fees</td>
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</tr>
<tr>
<td>Audit</td>
<td>800.00</td>
</tr>
<tr>
<td>Association Dues</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,500.00</td>
</tr>
<tr>
<td>Fed. Sup./Examination</td>
<td>600.00</td>
</tr>
<tr>
<td>Annual Meeting</td>
<td>700.00</td>
</tr>
<tr>
<td>Loan Servicing Expenses</td>
<td>600.00</td>
</tr>
<tr>
<td>Travel/Training</td>
<td>500.00</td>
</tr>
<tr>
<td>Misc. Expenses</td>
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</table>

Sub-Total: $20,900.00

#### Extraordinary Expenses:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment (not including computer system)</td>
<td>1,500.00</td>
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<td>Collection Expenses</td>
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Sub-Total: 2,000.00

#### Personnel Expenses:

<table>
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<tr>
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<tbody>
<tr>
<td>Staff (Full and Part-Time)</td>
<td>53,700.00</td>
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<td>Fringe Benefits</td>
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Sub-Total: $63,400.00

Sub Total Operations: 86,300.00

Require transfer to reserves: 8,260.00

Projected Dividends (4%): 28,000.00

Total Projected Budget: $122,560.00
PROJECTED BUDGET 1991

Projected Income:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Fidelity Bank</td>
<td>$19,400.00</td>
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<tr>
<td>Philadelphia Foundation</td>
<td>25,000.00</td>
</tr>
<tr>
<td>Philadelphia National Bank</td>
<td>12,000.00</td>
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</table>

Income from Operations

- 75,000.00

Total Projected Income: $131,400.00

Projected Expenses:

Operational Expenses:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space Rental</td>
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<tr>
<td>Utilities</td>
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<tr>
<td>Telephone</td>
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<tr>
<td>Office Expenses</td>
<td>900.00</td>
</tr>
<tr>
<td>Printing/Duplicating</td>
<td>600.00</td>
</tr>
<tr>
<td>Advertising</td>
<td>800.00</td>
</tr>
<tr>
<td>Postage</td>
<td>900.00</td>
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<tr>
<td>Legal Fees</td>
<td>1,000.00</td>
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<tr>
<td>Audit</td>
<td>800.00</td>
</tr>
<tr>
<td>Association Dues</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Fed. Sup./Examination</td>
<td>700.00</td>
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<td>Annual Meeting</td>
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<td>Loan Servicing Expenses</td>
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<tr>
<td>Travel/Training</td>
<td>500.00</td>
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<tr>
<td>Misc. Expenses</td>
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</table>

Sub-Total                          $21,900.00

Extraordinary Expenses:

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$1,000.00</td>
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<tr>
<td>Collection Expenses</td>
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</tbody>
</table>

Sub-Total                          1,500.00

Personnel Expenses:

<table>
<thead>
<tr>
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<tbody>
<tr>
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<td>Fringe Benefits</td>
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</table>

Sub-Total                          67,000.00

Sub-Total Operations               90,400.00

Require transfer to reserves       9,000.00

Projected Dividends (4%)           32,000.00

Total Projected Budget             $131,400.00


### PROJECTED BUDGET 1992

**Projected Income:**

<table>
<thead>
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<th>Source</th>
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<tbody>
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<tr>
<td>Philadelphia National Bank</td>
<td>13,100.00</td>
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**Total Projected Income:** $143,100.00

**Projected Expenses:**

#### Operational Expenses:

<table>
<thead>
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<th>Category</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Space Rental</td>
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<td>Printing/Duplicating</td>
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<td>Advertising</td>
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<tr>
<td>Postage</td>
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<tr>
<td>Legal Fees</td>
<td>1,500.00</td>
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<tr>
<td>Audit</td>
<td>900.00</td>
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<tr>
<td>Association Dues</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Fed. Sup./Examination</td>
<td>800.00</td>
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<td>Annual Meeting</td>
<td>900.00</td>
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<tr>
<td>Loan Servicing Expenses</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Travel/Training</td>
<td>600.00</td>
</tr>
<tr>
<td>Misc. Expenses</td>
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</table>

**Sub-Total Operational Expenses:** $25,100.00

#### Extraordinary Expenses:

<table>
<thead>
<tr>
<th>Category</th>
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</tr>
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<tr>
<td>Equipment</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Collection Expenses</td>
<td>500.00</td>
</tr>
</tbody>
</table>

**Sub-Total Extraordinary Expenses:** 1,500.00

#### Personnel Expenses:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff (Full &amp; Part-Time)</td>
<td>$60,000.00</td>
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<tr>
<td>Fringe Benefits</td>
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**Sub-Total Personnel Expenses:** $70,500.00

**Sub-Total Operations:** $97,100.00

**Require transfer to reserves:** 10,000.00

**Projected Dividends:** 36,000.00

**Total Projected Budget:** $143,100.00
PROPOSAL SUMMARY

Borinquen Federal Credit Union (BFCU) which is the only financial institution run by Puerto Ricans in the state, has been in existence since 1974. It was primarily chartered to serve a limited number of members of the community who were receiving services from one of the Catholic Social Services Agencies. In 1986 it was closed by the National Credit Union Administration (NCUA) for insolvency. Due to the obvious need of a financial institution in the community, a group of community leaders struggled to re-open the credit union. Since 1986 it has been functioning independently, providing services such as saving accounts, consumer loans, home improvement loans, free check cashing services and money orders. Also credit counselling, mortgage counselling and referral for housing services are provided to members who request them. Although the credit union has absorbed about $250,000 in losses in the last three years, while our asset base is $630,000.00, we have survived insolvency.

After overcoming all these years of crisis and struggle for survival we would like to concentrate our energies for the next three years, in developing a strong, solvent and self-sufficient financial institution.

To accomplish our goals we are asking The Philadelphia Foundation a three year grant of $75,000.00, $25,000.00 per year for general support.
FUNDING REQUEST AND PLANS FOR THE COMING YEAR

A. BRIEFLY STATE THE ORGANIZATION'S PURPOSE

Our purpose is to develop the infra-structure of BFCU to serve as a mechanism to provide some access to Puerto Rican/Latinos as well as other minorities in the area to the economic stream of the city. This credit union can serve three purposes:

Goal 1: Becomes an alternative banking system for the poor and moderate income Puerto Rican/Latinos, who traditionally banking institutions have not been able to serve.

Goal 2: Serve as a mechanism to educate the community on financial aspects such as the importance of credit, saving and investment in a co-operative manner, to be able to improve their individual and collective (community) socio-economic conditions.

Goal 3: Promote and/or coordinate economic development ventures with other community development organizations. Serve as a link to other financial institutions and resources outside the community that can finance and/or support large projects.

B. EXPLAIN THE CURRENT NEED OR PROBLEM

Since 1960 Puerto Rican/Latinos living in lower North Philadelphia have been pushed out of the economic mainstream, through a complete isolation of the overall socio-economic and political structure of the City of Philadelphia. The influx of Puerto Rican/Latinos in this area created a rapid rate of racial change, accelerated by illegal real estate practice of "panic peddling" and "block busting". This situation has worsen with the closed down of many factories and the shift in the economy from an industrial to a service oriented based economy. Puerto Rican/Latinos as
well as other minorities living in this area have been unable to cope with this economic change, as the majority have become unemployed and displaced. Commercial strips have deteriorated and corner stores have closed as the general population has declined and shopping habits have change in favor of the big shopping malls. As business deteriorated most banks in the area began to withdraw from this poorest neighborhood of the city. These economic realignments are still being played out, and the trends of neighborhood deterioration continuous to increase. These conditions and the lack of financial institutions that can support and serve the community's financial needs is one of the biggest impediment for the participation in the mainstream. Consequently, this has influenced on the deterioration of the area. Therefore, if within the next three years, the growing Puerto Rican/Latino community of Lower North Philadelphia does not find some alternatives to gain access to the economic stream of the city, more than 100,000 residents of the area will continue to live in very deplorable physical, psychological, and moral conditions. To that end, Borinquen Credit Union (BFCU) was created on May of 1974 to service the financial needs of the Puerto Rican/Latino population as well as other low-income individuals living within the credit union boundaries. BFCU is bounded in the north by Roosevelt Blvd., on the south by Spring Garden, on the east by Front Street and on the west by 9th St.
BFCU has more than 1200 members, mostly low income Latinos. It provides personal and home improvement loans, share accounts, check-cashing and referral for mortgage and other housing services. Although BFCU has been in existence for 15 years, in 1986 it was liquidated by the National Credit Union Administration. Poor record keeping, high percentage of delinquent loans and missappropriation of funds were the main reasons of this crisis. For the last three years we have been basically working in the reconstruction of this institution. After solving most of the problems of the past, we have now the task of developing this institution into a stable and sound financial institution for the benefit of the community.

C. LIST THE ORGANIZATION'S SPECIFIC PROGRAM OBJECTIVES FOR THE FUNDING PERIOD

We have three main goals that must be pursued together to build the kind of financial institution needed in our community. Under these three main goals we have several objectives we have to accomplish within this year, which will build the infra-structure requires to be effective and efficient. This will also be the base for development and growth for the following years.
Goal 1:

1. Re-organize the Board of Directors and committees based on our plans for this year (Credit and Supervisory)

   Credit Committee
   a. Revise loans policy (to increase the number of loans and to expand the loan portfolio).
   b. Conduct training sessions on policies and procedures.
   c. Develop a plan to collect delinquent loans already absorbed as losses, which have not been able to collect through legal remedies.
   d. Define with the manager the information to be used for promotion of loan services.

   This re-organization should be done from 1/90 - 3/90 by the board of directors and staff. Technical assistance will be requested from banks we have a working relationship with already. (Fidelity Bank, PNB and Continental Bank). We will also use the technical support of the National Federation on Community Economic Development Credit Unions.

2. Supervisory Committee
   a. Identify new members for the committee.
   b. Conduct training sessions in the policies and procedures.
   c. Train members in how to conduct Supervisory Examinations.

   This task is scheduled for 1/90 - 6/90. Responsible for it will be the chair of the committee, the president of the board and the manager. Technical assistance will be requested from the Federation.

3. Training sessions for Board of Directors
   a. Schedule training sessions to secure full participation of members, including a one day planning retreat.
   b. Identify trainers and sites for training sessions.
   c. Develop informational package for training.
This task will be the responsibility of the president of the board with the secretary. Technical assistance will be requested from the Federation. Support will be also requested from the banks. 2/90 - 12/90

4. Develop and implement a fundraising campaign to subsidize the operations of the credit union for the next three years, while implementing a plan for self-sufficiency.

a. Prepare a list of needs and timetable.

b. Develop a three year budget based on real needs.

c. Develop a comprehensive proposal.

d. Identify potential funding sources and meet with them.

e. Submit proposals and do follow-up.

This task will be the responsibility of the manager and the board. 1/90 - 6/90

5. Develop a plan to increase the income produce by the credit union to be able to decrease the dependency on grants.

a. Develop and income and expenses statement with variables (interests, investment income, non-member deposits income, fees & charges, etc. compare to cost of money).

b. Make projections based on increase in loan base, investment base, dividends, etc.

c. Develop a budget based on real needs to afford expansion and a goal.

d. Implement a good promotional campaign to meet the goal.

This task will be the responsibility of the manager with the support of the treasurer, the credit committee and the educational/promotion committee. Technical assistance will be requested from the Federation and the banks. 1/90 - 12/90

6. Develop a plan to computerize the operations of the credit union.

a. Identify the package that will fulfill the needs of the credit union and will allow space for growth.

b. Prepare a budget including equipment, software, training and input time.
c. Develop a proposal to fundraise the money.

d. Develop a plan to implement the process (preparation of records, input time, back-up system, testing, etc.)

This task will be the main responsibility of the president of the board and manager but will request the participation of all the board and staff as well as the identification of members who are literate in computers. Technical assistance will be requested from the banks as well as economic support. We will also request the technical assistance of the Federation. 1/90 - 3/90

7. Develop and implement new services to be provided to the members (i.e., other saving alternatives, mortgage services, etc.)

a. Identify the rules and regulations to provide these services.

b. Prepare a cost analysis and demand for the propose services.

c. Identify the human resources needed and time to provide the service.

This task will be the responsibility of the manager and the board as a body. 3/90 - 12/90

8. Train full-time staff

a. Computer literacy and the applicability to the credit union.

b. New services, the rules and regulation and the actual procedures.

c. Update on new regulations and procedures of the National Credit Union Administration.

This task will be the responsibility of the manager. Technical Assistance will be requested from the banks and the Federation. Ongoing process.
Goal 2:

1. Create an ad-hoc committee for education and promotion
   a. Identify members for the committee.
   b. Select areas to be covered by the committee. (Cooperativism and poor communities, economic empowerment, etc.)
   c. Recruit individuals to provide workshops and prepare a timeline.
   d. Develop a list of individuals and institutions to benefit from these workshops.
   e. Conduct a promotional campaign around these workshops.
   f. Develop materials for promotion to address the community in general for membership drive (brochures, posters, flyers)
   g. Develop a plan for promotion to include: Latino media, community organizations, churches, area businesses and members.
   h. Implement educational and promotional campaign with the goals of increasing membership, increasing asset base, increase level of outstanding loans and improve saving pattern of members.

This task is scheduled for 2/90 to 10/90. Responsible for its implementation will be the chair of the educational committee and the committee members in conjunction with the manager. Technical assistance and financial support will be requested from the banks, the Federation and the Latino media.

Goal 3:

1. Continue meeting with Ceiba to create a comprehensive development plan for our service area.
2. Meet with outside institutions to address the issues of desinvestment and how to develop alternatives for investment.
3. Maintain the interest in developing RFCU as one of the most important components of any development plan for our community.
This task will be the responsibility of the manager with active input from the board. This is an ongoing process.

D. DISCUSS THE ACTIVITIES PLANNED, INCLUDING TIMETABLE, NUMBER OF STAFF, AND NUMBER OF OTHER PEOPLE TO BE INVOLVED; DESCRIBE YOUR ORGANIZING OR ADVOCACY STRATEGY, IF APPLICABLE.

This question was already addressed in part C because it was easier to explain in a comprehensive way.

F. DESCRIBE THE WAYS YOUR ORGANIZATION EMPowers CONSTITUENTS BASED ON THE FOLLOWING FIVE POINTS:

1. **primarily benefits low-income and/or minority communities:** BFCU's membership is 99% Latinos, of which 33% live in an income base of $5,000.00 a year and 22.9% lives with an income between $5,001.00 and $10,000.00 a year.

2. **has an organizational structure that...**
   As a membership organization, BFCU is controlled by its members who in an Annual Meeting select the board of directors that runs the organization. The staff and all committees are individual members of the credit union.

3. **addresses the causes of problems affecting the group**
   The main problem of the group is the economic limitations and the inability to access the financial institutions in the area, BFCU is providing that access and some economic alternatives to the members. Through the development of relationship with other financial institutions in the City, BFCU is serving as intermediary for the individuals who will never be able to access those institutions independently.

4. **promotes collective action and mutual support in solving social and economic problems**
   The credit union promotes the collective saving to benefit the individuals and the group, providing them the ability to make loans, invest and receive others services that other financial institutions will not provide them, even if they were in our community. BFCU is also working with other organizations in identifying and channeling economic resources to our community.
5. builds leadership skills and improves an individual's ability to assert control over his/her life while also helping others.

The fact that the credit union must be run by its members provides the individuals a great opportunity for leadership, development of skills, professional challenge and a learning experience otherwise they may never have in management, lending and other areas.

F. DESCRIBE COOPERATIVE EFFORTS WITH OTHER LOCAL ORGANIZATIONS

During the last year BFCU has been part of a group called Ceiba (an association of community based and controlled Latino organizations working together to achieve responsible economic development in our service area. This group is composed of Centro Pedro Claver, Norris Square Civic Association, Nueva Esperanza CDC, Hunting Park CDC, Manos Unidas Land Trust y BFCU.) Among our goals is the development of a collective effort to address the issues of disinvestment, isolation and lack of access to the economic stream of the City. One of the group priority is the development of BFCU as a strong financial institution in our community.

G. EVALUATION

Goal 1:

These objectives within this goal provide the infrastructure necessary to function and survive as a solid financial institution. The results will be evaluated based on the following:

* Increase in loans by 15% from previous year.
* General membership increase by 25% from previous year.

* Organizations membership expand to at least 8.

* Daily operations computerized.

* All members of the board actively participating in committees.

* At least have two new services for members

**Goal 2:**

These objectives will be evaluated based on the following:

* Creation of a functional educational committee.

* Conduct at least 3 workshops.

* Complete a promotional package.

* Conduct a promotional campaign that will positively address goal 1.

**Goal 3:**

These objectives will be evaluated based on the following:

* Our ability to work as a team in the development of a comprehensive plan for our service area with the other organizations of Ceiba, including BFCU as one of the important components.

* Achieve a commitment from at least one bank, one foundation, and the City to work with us in the implementation of the plan.

* Our ability to devote to Ceiba a reasonable % of our time to make it work, as a needed resource in our community.
YEAR TWO AND YEAR THREE

We are not submitting specifics about these two years because the most important is how effective we are in developing the infrastructure the first year of this plan. The following two years we will need support while our efforts of expansion are fruitful and as a result our income increases to a reasonable amount to run the operations.
Outputs

I. Reorganize board of directors of BFCU and committees.

1. It has been accomplished from a to d as projected (see February and March reports).

2. The new board had an extraordinary general assembly on 4/8/90 to discuss the following:
   a) the specific reasons for moving the credit union to a new site, to avoid misunderstanding and mistrust of instability.
   b) to educate the membership on new loan policies and procedures
   c) to motivate the membership to help the board in the promotion campaign.

3. The credit committee developed the new credit policy that will start to be implemented on May. Also they have been meeting in a weekly basis, approving loans within a one week of the application, doing reports, reviewing the loan records and preparing the needed records to collect written off loans (collection will start in May as projected).

4. The supervisory committee was chosen, and a workshop was conducted for the board to understand this committee's task.
   a) the verification of accounts is in the process (members are responding to the letters). Verification deadline is April 30, 1990.
   b) a new auditor has been contacted to perform supervisory examination (should be conducted by 6/30/90). Supervisory committee members will be trained by the auditor.

II. Create an ad-hoc committee for education and promotion. The committee was created:

   a) developed an educational and promotional plan that was presented of the general assembly to the members (see March report).

   b) a Spanish article was written to be published in one of the community newspapers (see attached).
III. Develop a plan to computerize the operations of the credit union.

a) funds were secured for the computers
b) bids have been accepted from four companies (for equipment installation, training and service).
c) plan for computerization was also secured from a company that sales software for credit unions and provide training.

IV. Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants:

a) plan was developed (see March report)

b) meeting took place with Philadelphia Rehabilitation Plan (PRP), a development city-wide organization that packages rehabilitation of units with a combination of subsidy and loans. They have requested the support of BFCU to serve the Latino community through joint ventures projects.

1. BFCU will refer qualify candidates for their program (each completed and approved application will produce $300.00 for BFCU).

2. PRP will refer candidates to BFCU for home improvement loans. The loan plus the approved subsidy will be deposited in BFCU while renovations are performed. BFCU will not have to pay interest for deposits.

3. PRP is willing to make a non-member deposit at BFCU to match funds deposited on members accounts who qualify for the program.

d) contact has been made with Continental Bank to develop a contract for mortgage counselling. After agreement is signed Continental will pay BFCU $150.00 for each mortgage approved.

d) negotiations are taking place with Philadelphia National Bank (PNB) to develop an agreement for BFCU to take mortgages application for the bank. PNB will pay BFCU for each application completed and submitted (no fee has been negotiated yet).

e) BFCU has secured a deposit from the City of Philadelphia for $50,000.00 at 4%, which BFCU has invested on an 8% CD.

f) BFCU will submit an application to the Ford Foundation for a 2½% deposit ($10,000.00).
V. Develop and implement a funding plan to subsidize the operations of the Credit Union for the next three years, while implementing a plan for self-sufficiency;

a) plan was developed (see March report)

b) a proposal was submitted to Philadelphia Foundation (a verbal commitment for three years was already given by the board of the foundation). Written commitment is expected at any time in April (should be around $20,000 a year).

c) a meeting took place at Fidelity Bank on 4/12 to discuss our plans with the new person appointed for community reinvestment. He gave us the verbal commitment that although they are having losses (they closed 9 branches this month); the grant of BFCU ($27,000) for this year is secured. He said that he will support BFCU for 1991 and 1992, although the amount of support will depend on the situation of the bank. However, he mentioned that he has a lot of respect for the work of BFCU and will communicate this to his boss.

d) On conversation with PNB, we were that BFCU is in their budget for grants for 1990, probably of the same level of last year ($10,000.00). This grant is independent of the computers.

VI. Determine regular training sessions for the board on the C.U. day to day operations.

a) training sessions have been conducted on general responsibility of the board, supervisory committee and credit committee.

b) discussion have taken place with a representative from Meridian Bank about the needs of subsidizing some training sessions for board members of community development Credit Union. This will be presented to the PHILCUP group (Phila. banks and Credit Union) for discussion on May 5th.

c) board members have been training on tellering services and how to evaluate loans applications.

VII. Develop and implement new services to be provided to the members.

-although it has been informally discussed in board meetings we have not done any research on possible alternatives for CD's, saving clubs, etc.

-as mentioned above we have been exploring the ways of providing other services to the members such as mortgage counselling, referral for home improvement subsidized programs, etc.
VIII. Train full time staff in the following:
- training is pending final agreement with banks and PRP.
- training on NCUA report have been provided to the Assistant Manager.

IX. Meet with other community economic development organizations to develop a plan for the community.

a) a series of meetings have been held at the management level to discuss need of the organizations, needs of the community and how are we going to work together to accomplish our goals.

b) a two day retreat was held to discuss our mission as community development organization and how we can better effect the work in the community in an organized manner.

c) other meetings will be held in April and May with the boards of the six organizations involved in the process.

d) a preliminary plan has been developed primarily for housing development and home ownership promotion.

X. Meet with outside institution to adddress the issues of disinvestment and how to develop alternative investment.

a) meeting and negotiations have been conducted with Mellon Bank and Philadelphia National Bank. A lot of emphasis have been given to investment on housing and business development.

b) the credit union has been playing an important role in the entire process.

c) meetings have also taken place with government agencies and with some foundations.
¿Qué es Cooperativismo?

Cooperativismo significa esfuerzo común para el beneficio de todos. Ayuda mutua con esfuerzo propio.

¿Qué es la Cooperativa de Ahorro y Crédito Borinquen? (Borinquen Federal Credit Union)

La Cooperativa de Ahorro y Crédito Borinquen es una organización financiera comunal, regulada por el Gobierno Federal con el propósito de proveer servicios de ahorro y crédito entre sus socios. El capital de trabajo es aportado por un grupo de personas llamadas socios. Este capital se deposita en forma de acciones. El dinero depositado o capital es usado por los socios en forma de ahorros o préstamos para diferentes necesidades económicas.

La cooperativa es propiedad de los socios, es administrada por los socios a través de una Junta de Directores, compuesta por personas electas en la asamblea anual de socios de la cooperativa. Los reglamentos internos son desarrollados por la junta siguiendo las regulaciones del Gobierno Federal.

En la cooperativa, cada socio tiene los mismos derechos y obligaciones independientes del capital aportado. Un socio, un voto.

¿Quiénes son los socios?

Son personas dentro de un grupo determinado en la cooperativa. En Borinquen, es la comunidad del norte de Filadelfia, que después de aceptar los reglamentos establecidos para la organización aportan parte de su dinero y se convierten en socios de la cooperativa.

¿Qué son acciones?

Las acciones es el dinero que los socios depositan para formar el capital de la cooperativa. Una acción equivale a cinco dólares. Un individuo necesita un mínimo de una acción para ser socio. Se recomienda depositar un mínimo de una acción mensual para mantener un crecimiento económico moderado en la cooperativa y para establecer un patrón de ahorros en los socios.
¿Cómo se utiliza el dinero de la cooperativa?

1. Se presta a los socios que cualifican.
2. Parte del capital se invierte en Bancos y Cooperativas y recibe intereses.
3. Algun dinero se deposita como reserva para garantizar los préstamos y el capital de la cooperativa.
4. Una parte de los ingresos se utiliza en gastos administrativos y operacionales como, alquiler, calefacción, electricidad, etc.
5. Otra parte se mantiene como cuenta corriente para el desembolso regular de los socios.

¿Qué son dividendos?

Dividendos es la cantidad de dinero que se distribuye entre los socios cuando la cooperativa tiene ganancias. Los dividendos se determinan después de pagar todos los gastos de la cooperativa y aportar a las reservas que exige la ley. El sobrante se divide entre todos los socios en base al capital invertido, determinando el porcentaje a pagar por las acciones. Los dividendos no son fijos y dependen del movimiento económico de la cooperativa durante el año. Son distribuidos anualmente.

¿Cómo la cooperativa produce ganancias?

1. Intereses que pagan los préstamos de los socios.
2. Intereses que reciben del capital invertido.
3. Venta de giros postales.
4. Cargo por servicios.

¿Pierde dinero la cooperativa?

Las acciones que usted deposita están garantizadas por el gobierno federal hasta los cien mil dólares, no importa lo que pase su dinero está seguro.

La cooperativa pierde dinero cuando: (no tiene ganancias)

1. Los socios no pagan los préstamos a tiempo.
2. Cuando los socios no depositan un mínimo de una acción mensual.
3. Cuando los socios no participan en los trabajos de la cooperativa.
4. Cuando los socios no solicitan préstamos.
5. Cuando los socios sobre utilizan los servicios.
¿La cooperativa paga intereses por ahorro?

La cooperativa no tienen cuenta de ahorro regular, sólo tienen cuenta de acciones. La inversión de capital no paga intereses, paga dividendos. A medida que la cooperativa se desarrolle y pueda añadir otros servicios tendrán cuentas de ahorro que pagan intereses. No pagamos intereses pagamos dividendos cuando hay GANANCIAS.

Responsabilidad de los socios

1. Trabajar como grupo para el desarrollo de la cooperativa.
2. Participar en la asamblea de socios y saber como se administra la cooperativa.
3. Promover la cooperativa entre sus familiares, amigos, iglesias e instituciones de la comunidad.
4. Patrocinar la cooperativa usando los servicios que ofrecemos.
5. Ahorrar regularmente por lo menos cinco dolares mensuales.
6. Respetar el horario de la cooperativa.
7. Pagar los préstamos a tiempo—Recuerde el dinero pertenece a otros socios, personas de esta comunidad.
8. Tratar a los socios y empleados con cortesía, respeto y consideración.
9. Mantener su dirección y teléfono correcta en la cooperativa.
10. Promover una imagen positiva de la cooperativa.
11. Recordar que la cooperativa no es tuya, ni mía, es NUESTRA.

¿Qué beneficios puede ofrecer la cooperativa a nuestra comunidad Latina?

1. Es una institución financiera nuestra, regulada y administrada por nosotros para llenar las necesidades financieras de nuestra comunidad.
2. Puede ser un elemento primordial para el desarrollo económico de la comunidad Latina de Filadelfia.
3. El dinero que depositan se queda en nuestra comunidad y puede ser invertida en mejorar nuestro barrio.
4. Recibe los servicios gratis o a precios modicos apropiados para tus ingresos.

Su dinero esta garantizado y asegurado por el gobierno. No tienes que pagar por guardarlo, al contrario recibes
beneficios por tenerlo guardado. Además, eres dueño con los demás socios de la cooperativa de una institución financiera. El desarrollo y crecimiento de la institución depende de ti al igual que de los demás socios y no de fuerzas externas.

¿Qué servicios ofrece nuestra cooperativa?

1. Servicios de ahorro en Cuenta de Acciones.
2. Prestamos
   * Personales
   * Personales garantizado por acciones
   * Prestamos para mejoras en el hogar
3. Cambio de cheques-para el socio y un miembro adicional de la familia.
4. Giros postales
5. Información sobre prestamos a intereses bajos para mejoras del hogar o subsidio ofrecido por otros programas para reparaciones mayores a su hogar.
   Los referidos necesarios para estos programas.
6. Orientación para hipotecas y compra de casas.

Horario para el Público

Lunes ----------------Cerrado
Miercoles -1:00-4:00---Solicitud de Prestamos
Martes-----1:00-4:00---Servicios generales
Jueves-----1:00-6:00---Servicios generales
Viernes-----1:00-4:00---Servicios generales

TELEFONO 425-8119
Estamos localizados en el 2757 norte de la calle 5ta.
(Entrada por la calle Somerset)

El comité educativo de la Junta de Directores de la cooperativa exorta a las organizaciones comunales, iglesias, comerciantes y público en general a participar y patrocinar el desarrollo de la única institución financiera perteneciente a la comunidad Latina de Filadelfia.

La Cooperativa de Ahorro y Credito Borinquen

Ni tuya........Ni mia........Nuestra!

Recuerde el futuro depende de ti, de nosotros..., de nuestro esfuerzo..., crecer y desarrollarnos depende de nosotros para orgullo comunal.
BORINQUEN FEDERAL CREDIT UNION

"An alternative financial institution for the Puerto Rican/Latino population"

December 1989

Project Contract

Presented to:
David Miller
Community Economic Development Program
New Hampshire College

Prepared by:
Socorro Rivera
Jose A. Rivera-Urrutia
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Project History

Since 1960 Puerto Rican/Latinos living in lower North Philadelphia have been pushed out of the economic mainstream, through a complete isolation of the overall socio-economic and political structure of the City of Philadelphia. The influx of Puerto Rican/Latinos in this area created a rapid rate of racial change, accelerated by illegal real estate practices of "panic peddling" and "block busting". This situation has worsened with the closed down of many factories and the shift in the economy from an industrial to a service oriented base economy. Puerto Rican/Latinos as well as other minorities living in this area have been unable to cope with this economic change, as the majority have become unemployed and displaced. Commercial strips have deteriorated and corner stores have closed as the general population has declined and shopping habits have change in favor of the big shopping malls. As business deteriorated most banks in the area began to withdraw from this poorest neighborhood of the city. These economic realignments are still being played out, and the trends of neighborhood deterioration continuous to increase.

These conditions and the lack of a financial institution who can support and serve the community's financial needs is one of the biggest impediment for the participation of the mainstream. Consequently, this has influenced on the deterioration of the area. Therefore, if within the next three years, the growing Puerto Rican/Latino community of Lower North Philadelphia does not find some alternative to gain access to the economic stream of the city, more than 100,000 residents of the area will continue to live in very deplorable physical, psychological, and moral conditions.

To that end, Borinquen Federal Credit Union (BFCU), is a community based institution charted on May of 1974 to service the financial needs of the Puerto Rican/Latino population as well as other low income individuals living within the credit union boundaries. BFCU is bounded on the north by Roosevelt Blvd., on the south by Spring Garden, on the east by Front street and on the west by 9th Street.
BFCU has more than 1300 members, mostly low-income Latinos. It provides personal and home improvement loans, share accounts, check-cashing and referral for mortgage services.

Although, BFCU has been in existence for 15 years, in 1986 it was liquidated by the National Credit Union Administration (NCUA). Poor record keeping, high percentage of delinquent loans and misappropriation of funds were the main reasons of this crisis. For the last three years we have been basically working in the reconstruction of this institution. After solving most of the problems of the past, we have now the tasks of developing this institution into a stable and sound financial institution for the benefit of the community.
Project Goal

The goal of this project is to develop a mechanism that can provide Puerto Rican/Latinos in the lower North Philadelphia access to the economic streams of the city, in an attempt to start reversing, within the next three years, the deplorable socio-economic conditions of this poor community, comprised of about 110,000 residents.

Project Purpose

The purpose of this project is to develop the infra-estructure of BFCU, a local financial institution, a credit union, in Lower North Philadelphia, that can provide some access to Puerto Rican/Latino as well as other minorities in the area to the economic stream of the city. This credit union can serve three purposes:

Objective 1: Becomes an alternative banking system for the poor and moderate income Puerto Rican/Latinos, who traditionally banking institutions have not been able to serve.

Objective 2: Serve as a mechanism to educate the community on financial aspects such as the importance of credit, saving and investment in a cooperative manner, to be able to improve their individual and collective (community) socio-economic conditions.

Objective 3: Promote and/or coordinate economic development ventures with other community development organizations. Serve as a link to other financial institutions and resources outside the community that can finance and/or support large projects.
## Project Outputs

<table>
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<th>Objectives</th>
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<tr>
<td><strong>Outputs</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>°Re-organize the Board of Director's of BFCU and committees (Credit and Supervisory).</td>
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<tr>
<td><strong>Credit Committee</strong></td>
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<tr>
<td>a. Revise loans policy (to increase the number of loans and to expand the loans portfolio).</td>
<td>X</td>
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<tr>
<td>b. Revise policy and procedures for loan collection.</td>
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<td>X</td>
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<tr>
<td>c. Select individuals to collect past delinquent loans already absorbed as losses by the Credit Union.</td>
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<td>X</td>
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<tr>
<td>d. Define in conjunction with the manager the information to be used for promotion.</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>e. Collection efforts should start.</td>
<td></td>
<td>X</td>
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</tr>
<tr>
<td><strong>Supervisory Committee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Identify new members for the committee.</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>b. Train the members in the procedures of the Credit Union.</td>
<td>X</td>
<td></td>
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<tr>
<td>°Create and ad-hoc committee for education and promotion.</td>
<td>X</td>
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<tr>
<td><strong>Education Committee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Identify members for the committee.</td>
<td>X</td>
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<tr>
<td>b. Select areas to be covered by the committee (credits, purchase of a house, etc.).</td>
<td>X</td>
<td>X</td>
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<tr>
<td>c. Recruit individuals to provide workshop</td>
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<tr>
<td>d. Determine type of workshop, presentation, time, and place.</td>
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<tr>
<td>e. Develop a list of people and institutions to benefit from these workshops.</td>
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<tr>
<td>f. In conjunction with the promotion committee should develop the material to be presented at workshops, if necessary.</td>
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<td>X</td>
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<tr>
<td>g. Workshops should start.</td>
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<td>X</td>
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</tbody>
</table>
## Promotion Committee

- a. Identify members for the committee.  
- b. Examine materials already used and adapt or develop new materials to be used.  
- c. Review materials with manager, assistant manager and some members of the board.  
- d. Determine the type of media to be used for promotion (TV, Radio, Newspaper, etc).  
- e. Discuss with manager, Assistant manager, and the board the approach to be used and the promotion and timetable for implementation.  
- f. Develop a marketing campaign using all of the above to address the following groups:  
  - General public (community)  
  - Latino community organizations or institutions serving Latinos.  
  - Other institutions.  
  - Small businesses.

### Objectives

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<tr>
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<td>a</td>
<td>X</td>
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<tr>
<td>b</td>
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<td>f</td>
<td>X</td>
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</tbody>
</table>

- Develop a plan to computerize the operations of the Credit Union.  

- Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants.  

- Develop and implement a fundraising plan to subsidize the operations of the Credit Union for the next three years, while implementing a plan for self-sufficiency.  

- Determine regular training sessions for the board on the Credit Union day to day operations.  

- Conduct training sessions on the day to day operations.  

- Develop and implement new services to be provided to the members (other savings alternatives).  

- Train full time staff in the following:
  - Credit Union's report to NCUA  
  - Mortgage Counselling  
  - Credit analysis  
  - Loan underwriting

---

-5-
Outputs

°Meet with other community economic development organizations to develop a plan for the community

°Meet with outside institutions to address the issues of desinvestment and how to develop alternatives for investment.

<table>
<thead>
<tr>
<th>Objectives</th>
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</tbody>
</table>
Outputs

Re-organize the Board of Director's of BFCU and committees (Credit and Supervisory).

**Credit Committee**

a. Revise loans policy (to increase the number of loans and to expand the loans portfolio).

b. Revise policy and procedures for loan collection.

c. Select individuals to collect past delinquent loans already absorbed as losses by the Credit Union.

d. Define in conjunction with the manager the information to be used for promotion.

e. Collection efforts should start.

**Supervisory Committee**

a. Identify new members for the committee.

b. Train the members in the procedures of the Credit Union.

Create an ad-hoc committee for education and promotion.

**Education Committee**

a. Identify members for the committee.

b. Select areas to be covered by the committee (credits, purchase of a house, etc.).

c. Recruit individuals to provide workshop

d. Determine type of workshop, presentation, time, and place.

e. Develop a list of people and institutions to benefit from these workshops.

f. In conjunction with the promotion committee should develop the material to be presented at workshops, if necessary.

g. Workshops should start.

**Timetable**

<table>
<thead>
<tr>
<th>Time</th>
<th>1/90-3/90</th>
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<tbody>
<tr>
<td>3/90</td>
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<td>3/90</td>
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<tr>
<td>5/90-6/90</td>
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<tr>
<td>7/90-12/90</td>
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</tbody>
</table>
## Outputs

### Promotion Committee

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timetable</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Identify members for the committee.</td>
<td>2/90</td>
</tr>
<tr>
<td>b. Examine materials already used and adapt or develop new materials to be used.</td>
<td>3/90</td>
</tr>
<tr>
<td>c. Review materials with manager, assistant manager and some members of the board.</td>
<td>3/90</td>
</tr>
<tr>
<td>d. Determine the type of media to be used for promotion (TV, Radio, Newspaper, etc)</td>
<td>4/90</td>
</tr>
<tr>
<td>e. Discuss with manager, Assistant manager, and the board the approach to be used and the promotion and timetable for implementation.</td>
<td>5/90</td>
</tr>
<tr>
<td>f. Develop a marketing campaign using all of the above to address the following groups:</td>
<td>6/90-8/90</td>
</tr>
<tr>
<td>* General public (community)</td>
<td></td>
</tr>
<tr>
<td>* Latino community organizations or institutions serving Latinos.</td>
<td>7/90-8/90</td>
</tr>
<tr>
<td>* Other institutions</td>
<td>8/90-9/90</td>
</tr>
<tr>
<td>* Small businesses</td>
<td>9/90-10/90</td>
</tr>
</tbody>
</table>

- Develop a plan to computerize the operations of the Credit Union.  
  1/90-2/90

- Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants.  
  1/90-2/90

- Develop and implement a fundraising plan to subsidize the operations of the Credit Union for the next three years, while implementing a plan for self-sufficiency.  
  1/90-6/90

- Determine regular training sessions for the board on the Credit Union day to day operations.  
  2/90

- Conduct training sessions on the day to day operations.  
  3/90-12/90

- Develop and implement new services to be provided to the members (other savings alternatives).  
  3/90-5/90

- Train full time staff in the following:  
  * Credit Union's report to NCUA  
  * Mortgage Counselling  
  * Credit analysis  
  * Loan underwriting  
  1/90-3/90  
  2/90  
  3/90  
  4/90-5/90
**Outputs**

1. Meet with other community economic development organizations to develop a plan for the community.

2. Meet with outside institutions to address the issues of disinvestment and how to develop alternatives for investment.

<table>
<thead>
<tr>
<th>Timetable</th>
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<tbody>
<tr>
<td>10/89-5/90</td>
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<tr>
<td>2/90-12/90</td>
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</tbody>
</table>
This project require many overlapping of tasks; therefore, we are suggesting to divide these tasks as follow:

Socorro Rivera, Manager of Borinquen Federal Credit Union
She will be responsible for all staff education, fundraising, community development initiatives, negotiation with outside institutions, and development of new services.

Jose A. Rivera-Urrutia, President of the Board of Directors
He will be responsible for board trainings, committees related works (Credit, Supervisory, Educational, Promotion).

Our past three years working towards the survival of the BFCU has giving us the confidence that this project, as presented in this paper will be obtainable. We recognize that some tasks overlap and that some may be conflict; however, we believe that like in the past we will be able to move the project forward. If any conflict should arise, we will notify immediately the advisor.

In addition, we estimate the following individuals and resources necessary in the development of this project.

* Two full time staff
* Seven board members
* Eight volunteers
* Board trainer
* Office supplies
* NCUA policies and procedures
* Financial resources
* Other institutions(Banks, City, Community Organizations)
Objective 1

This objective provides the infrastructure necessary to function and survive as a solid financial institution. Most of the outputs identified under this objective will be considered a positive result. However, this objective can be evaluated in part by the promotion campaign. The results are as follow:

° Loans - increase by 15% from the previous year.
° General Membership - increase by 25% from previous year.
° Organizations Membership - expand to a total of 8.

Objective 2

This objective will be evaluated based on the following:

° Creation of a functional educational committee.
° Recruitment of four speakers for the workshops.
° Conduct two workshops by 1990.
° Achieve the goal of 50 members to participate in the workshops.

Objective 3

This objective will be evaluated based on the following:

° Include BFCU as an important component of the development plan.
° Our ability to influence the other organizations in developing the plan (Have a workable development plan for the area of the community we serve together).
° Achieve a commitment from at least one bank, one foundation, and the city representative to work with us on the implementation of the plan.
NEW HAMPSHIRE COLLEGE
COMMUNITY ECONOMIC DEVELOPMENT NATIONAL PROGRAM
PROJECT CONTRACT

BORINQUEN FEDERAL CREDIT UNION
FEBRUARY REPORT

Presented to:
David Miller

Prepared by:
Socorro Rivera
Jose A. Rivera-Urrutia
* Re-organize the Board of Director's of BFCU and committees (Credit and Supervisory).

- Task was accomplished during January.

BFCU Board structure is as follows:
- President: Jose A. Rivera-Urrutia
- Vice-President: Noelis Zavala
- Secretary: Maria Sierra
- Treasurer: Rosarito Marcado
- Credit Comm.: Edma Lopez
- Supervisory: Priscilla Curet
- Credit Comm.: Helen Maldonado

* Credit Committee

- Committee was re-organized and training was provided on: Loan evaluation, Loan current policy and how policy is determined.

- Committee will meet on March to develop a new policy based on the actual needs.

- Analysis of written off loans was prepared to determine last resource collection procedures (home visits).

* Supervisory Committee

- Training on supervisory committee's responsibilities was conducted for the BFCU Board, to develop the awareness of skills needed in identifying members for this committee.

- New members were nominated and accepted by the BFCU Board.

- Manager will meet with committee chair to review examination requirement. Examination to be conducted in March.

* Education/Promotion Committee

- Board decided to merge both committees.

- Members of the committee were appointed

- Manager will meet with committee chair to discuss credit union needs on this area.

- Committee members are scheduled to meet for a brainstorm session on March 9, 1990.

* Develop a plan to computerize the operations of the Credit Union.

- Proposal was develop and submitted to Philadelphia National Bank (PNB) for equipment software and training, which was approved.
**Computerization-cont.**

-A detail plan will be developed for policies and procedures of implementation.

* Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants

-It was submitted to the National Credit Union Administration on January 31, 1990.

* Develop and implement fundraising plan to subsidize the operations of the credit union for the next three years, while implementing a plan for self-sufficiency.

-Fundraising Plan was combined with plan to NCUA.
-A three years proposal was submitted to the Philadelphia Foundation.

* Train full time staff in the following: credit union report to NCUA, and mortgage loan application.

-Credit Union report to NCUA, training on-going.
-Mortgage loan application pending completion of negotiation with Banks, to provide training.

* Meet with other Latinos CED to develop a plan for the community.

-On-going monthly brainstorming sessions have been conducted to develop a long term plan.
-A short term plan has been developed which has been used in the negotiation with two local Banks.