Kama'aina Community Federal Credit Union
“People of the Land”

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Submitted in partial fulfillment of requirements for M.S. in Community Economic Development, Approved by Dr. Yoel Camayd-Freixas
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ABSTRACT

The purpose of the Proposed Kama’aina Community Federal Credit Union (KCFCU) is to create and implement a successful community-based financial institution for 14,500 low-to-modest income residents of Downtown Neighborhood Community Board District13 (DNCBD13) of Honolulu, Hawaii in order to achieve the “American Dream”. Its goal is to be a self-help engine that creates and facilitates capital growth, ownership, savings and ancillary educational/credit counseling programs for its low-income citizens. Primary funding for the Credit Union will be achieved by means of scheduled member deposits, beginning with an initial pledge of $5.00 and work toward saving $100.00 that remains in their saving accounts until it is officially closed. Secondary funding will be achieved through non-member deposits of $100,000 each and funding/contributions.

The major outcomes are:

- Eligibility of low-to modest income residents to obtain small consumer loans including personal signature, used automobile, home improvement, educational and debt consolidation loans.

- Implementing of financial strategy programs, which educate and counsel the members about the importance of saving and homeownership.
EXECUTIVE SUMMARY

The Proposed Kama’aina Community Federal Credit Union (KCFCD) is a cooperative that will be located in the Downtown Neighborhood Community Board District 13 (DNCBD13), Honolulu, Hawaii. Its core ideologies will be the vanguard to the success of the institution. The core ideologies are return to the member, member services and return on assists. This will position the credit union to grow and better serve its membership. The mission, vision and values of the credit union will guide the growth into the further.

The Proposed Kama’aina will be a not for profit financial institution assisting low-income residents to improve their financial condition and is hosted by Honolulu City and County Employees Federal Credit Union. Kama’aina will provide the necessary tools to change the low-income member’s belief that the rich gets richer and the poor gets poorer. By, teaching them the fundamentals of how money – even a $1 a day, can change their perception that they deserve to save and attain homeownership and wealth. Most of all, their financial institution shall be a self-help engine to assist in achieving the “American Dream” through developing a saving plan, acquiring loans, financial management training and financial literacy education.

The target community is 14,500 low-to-moderate income residents of DNCBD13. The problem they face is the lack of an effective economic strategy that addresses traditional banks’ lack of sensitivity to poor people needing saving, loans, credit counseling and financial literacy. Furthermore, the high cost of living in Hawaii contributes to the belief many low-income residents have that they cannot ever own a home or business. Therefore, the current conditions in the low-wealth community have not changed. Traditional banks’ insensitivity toward their needs to own equity has not changed and views them as poor investments. Whereas, “payday” lenders view the residents as good investment, are profiteering by means of charging them astronomical fees. These fees can be as much as 50% of their earning. Therefore, the desired alternative would be to create a financial institution that deters such conduct by providing much needed services that helps low-income residents accumulate wealth and foster capital growth in the target community. Financial strategic programs would educate low-income residents on better economic choices leading to financial success and stability.

The most important goals and objectives are as follows:

- Create and implement a sustainable community-based credit union for the residents in DNCBD13.
- Provide small consumer loans including personal signature, used automobile, home improvement, educational and debt consolidation loans.
- Educate its members on better economic choices and programs.

The objectives fully achieved would include:

- Implementation of A five member active Board of Directors.
- The development of a KCFCD governance policy.
- Receipt of Letters of commitment from non-member deposits which apply towards KCFCD funding are $290,000.
• Approval of the proposed credit union “Field of Membership Letter” received.
• Receipt of outside credit union donations of equipment, materials, technical support, and financial advice.

The objectives partially achieved include:
• Submitting $115,000 grant proposal to “Leadership for a Changing World” Advocacy Institute.
• The majority of the 250 prospective members have been surveyed, and the results have been compiled.
• Submitting a $15,000 grant proposal requesting to Chaminade University.
• 90% of the business plan completed.
• The Credit Union site has been located and is under restructuring.

To date, the proposed credit union has acquired its “Field of Membership” Letter towards receiving a charter from the National Credit Union Administration (NCUA). Various individual credit unions have pledged financial support of $290,000, while others have donated materials, technical information, and financial advice. A grant for $115,000 has been applied for at the “Leadership for a Changing World, Advocacy Institute”, to cover operation expenses. A grant request for $15,000 has been written and submitted to Chaminade University. A 5 member Board of Director is in place and a list of proposed members has been formed.

In order for the proposed credit union to truly succeed, the BOD must stay abreast of community participation. Both individuals and groups much be addressed. More local businesses have to become involved, both as investors and as fellow members of the local commercial district. The credit union has to be an active part of the community in which it exists, not only the segment it serves but also the broader community. This collaboration means that the vision and the values of the credit union process will guide its growth into the future.
I. Community Needs Assessment:

1. Community Profile

The Downtown Neighborhood Community Board District 13 (DNCBD13) is a culturally and ethnically mixed community of residential housing, high-end to low-income housing complexes, banks, small and large businesses, markets, schools, churches, and a large park and a spacious garden. At least 51% of the residents are in the lower range, and receive government economic assistance in such forms as Section 8 vouchers and welfare subsidies to compensate their income (Housing and Urban Development (HUD) Redevelopment Grant, 2000, p74). These residents are mostly low-skilled workers who work more than one job to provide basic food and shelter. However, the community also includes professionals such as teachers, accountants, computer experts, and state and city workers. There are also some residents who are employed within community businesses and/or self-employed. This community is extremely varied in income, age and ethnicity.

“The Neighborhood Board is full citizen participation in government so that the powers of the City can properly serve and advance the aspirations of its citizens. Through the Neighborhood Board system, every resident has the opportunity to participate in government decision making which affects his or her community. The system applies the concept of participatory democracy, involving communities in the decisions affecting them” (DNCBD13, 2003, p.1).

Article XIV, Section 14-101, Revised Charter of the City and County of Honolulu 1973 (1994 Edition), (Reso. 84-231) established a system of neighborhood boards on the Island of Oahu to “increase and assure effective citizen participation in the decisions of government. The neighborhood board districts supplied the fundamental grass roots building blocks for political participation by the citizens within these clearly defined boundaries. The boundaries of the neighborhoods and the district boards which represent them are delineated on the official Neighborhood Boundaries Maps, in accordance with the geographical definition above” (DNCBD13, 2003, p.1). See Appendix I

The official boundaries of Neighborhood Board District Number 13 (Downtown) are delineated as follows: Beginning at the intersection of H-1 Freeway and Ward Avenue, south along Ward Avenue to Beretania Street, west along Beretania Street to Alapai Street, south along Alapai Street to King Street, west along King Street to South Street, south along South Street to Ala Moana Boulevard, east along Ala Moana Boulevard to Keawe Street, thence south along Keawe Street and a straight line extended, thence west along the coastline to a straight line running parallel to Pier 17 which extends to Honolulu Harbor, thence in a straight line north to King Street, thence north along Nuuanu Stream to School Street, thence east along School Street to Nuuanu Avenue, thence south along Nuuanu Avenue to the H-1 Freeway, thence east along the H-1 Freeway to Ward Avenue.

District 13 has a host of institutions that provide public and private education for the community. These educational institutions include Central Middle School, and Royal Elementary, which are public schools. There are two private religious schools, Cathedral and
Saint Andrew's. The community members have access to six schools of higher education for roughly 50,000 students: The University of Hawaii Downtown Campus, Phoenix University and Hawaii Pacific University, and Honolulu Community College, Heald College, and Remington College.

Additionally, district 13 provides shopping malls and numerous commercial establishments to serve the residents. Costco, Home Depot, City Mill, Matson Shipping, Macy's, Long's Drugs, Safeway, Fisher Hawaii, and other major businesses are located in, or border on, the District and employ a large number of residents and non-residents. The Federal Building, State Capital, Honolulu Hale, City Hall and Washington Place, a satellite police station, satellite City Hall, driver license bureau, other City and County, State and Federal Government agencies are located in the area. The River of Life, Saint Mary's Cathedral and Saint Andrew's Cathedral provide places of worship. All of these services promote interaction and a sense of community.

The incomes of the residents of Down Neighborhood Community Board District 13 (DNCBD13) range from low to high; the lower end of that spectrum cannot easily get access to loans at traditional banks because of the limitations imposed. These institutions tend to be business-and-profit-oriented, ultra-conservative in their loan decisions, and do not provide basic financial education. The low-income community members need a vehicle that will assist them in amassing assets. A cooperative such as a credit union will be a means to maximize their potential for growth, which will affect 14,500 low-income residents residing in DNCBD13.

As stated in the Windward Area “10 Points” Need Assessment, “most existing credit unions are centrally located in the town area and were created for large Labor Unions or State workers” (Windward, 2000, p4). In a personal telephone interview, the president of the Honolulu City and County Federal Credit Union (HCCFCU) stated that there are 100 documented credit unions on Oahu; of the 100, five are community-based and one is island-wide, which is located in upper Kalihí (Watanabe, 2003, HCCFCU). The island-wide credit union (Hawaiian Tel) is available to all residents of Oahu but is not situated advantageously for the residents residing in downtown. Neither does it reach out to low-income population, according to Leslie Thompson of NCUA (2003, NCUA). A high percentage of the residents are without cars and must take the bus to use the credit union services. The amount the potential members would spend on bus fares could be deposited in their saving account toward building wealth.

The low-income residents of the downtown area obviously need a community-based credit union dedicated to serving their specific limits. They need access to loans and other services and products made readily available to them at rates they can afford. That would be particularly valid to offset the hazards of high-interest, short-term “payday” loan companies. Many residents of DNCBD13 are unprepared to plan towards the purchase of assets such as vehicles or property, and do not have sufficient information regarding savings programs that might help them with these goals.
**Graphical Content:**

**Hawaii Data Book Census 2000 (Neighborhood Board District 13) Graph 1**

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>14,500</td>
</tr>
<tr>
<td>Households</td>
<td>6,000</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>2.4</td>
</tr>
<tr>
<td>Percent College Graduates</td>
<td>1.7</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>24,191</td>
</tr>
</tbody>
</table>

**OCCUPATIONS OF HONOLULU RESIDENTS**

[Bar chart showing occupations of Honolulu residents with bars for Frequency and Cumulative Frequency.]
II. Problem Statement

1. Problem Statement:
   The lack of an effective economic strategy to accumulate wealth for low-income residents and the impact of not having financial education is paramount. Most noticeably, traditional banks are not interested in small loans for individuals, particularly if they have limited and/or poor credit. “Some analysts blame decades of social policy focused on income instead of assets. Others blame inequalities in the tax structure that deliver subsidies for middle—and upper-income families and largely leave the poor behind” (McCulloch & Robinson P2). According to Dana Dratch, in her article, “6 Ways to find a credit union (and why you should look)”, states, “… credit unions are an especially good option for people who are building credit for the first time or trying to re-establish good credit (Dratch, 2001, p.4). In the same article, Cherie Umbel, with the National Credit Union Administration, is quoted as saying, “Most credit unions are small and really know whom their members are. They are more willing to give that character loan.” (Dratch, 2001, p.4).

   The only readily accessible credit union – located on the periphery of the Downtown Neighborhood Community Board District13 – is the Word of Life Center (church) Credit Union, which is limited to church membership and sponsorship. These membership limitations make it almost impossible for low-income community residents to acquire loans.

   According to the Empowerment Zone Initiative, 2001 Proposal, and (EZIP), The Trends and Root Causes, “The effects of the economic downturn of the 1990s were felt most acutely by Zone communities. Between 1990 and 2001, welfare caseloads in the Zone increased nearly 15%. Furthermore, families that will lose TANF benefits under the 5-year lifetime limit (beginning November, 2001) are heavily concentrated in Zone neighborhoods. Unemployment also jumped in the Zone during the course of the past decade, from 5.7% in 1990 to 7.4% in 2001- more than double the O‘ahu-wide rate” (EZIP, 2001, p.7).

   One of the main sub-division of DCNBD13 is Chinatown, which is located in a Zone area and is affected by this downturn of employment and income. The author writes: “Native Hawaiians and other indigenous Pacific Islanders are also heavily concentrated in Zone communities. The Zone population is over 36% Hawaiian and Pacific Islander, while representation across the rest of MSA is less than 10%. Finally, the Zone has the high number of single-parent households who tend to be economically vulnerable. More than 12% of Zone households with children are headed by a single adult versus 5% for the rest of MSA” (EZIP, 2001, p.8) “Zone residents in various communities came to a similar conclusion: the root causes of many of the social and economic ills are economic in nature” (EZIP, 2001, p.8).

   The lack of alternatives to bank loans or limited-access credit unions makes the creation of a local community-based credit union logical. This lack also generates a vacuum that doesn’t address the importance of programs such as financial literacy that educate the community about the significance of investing in their future through building wealth. If this problem persists, the low-wealth community will remain in an indeterminate state of dependency on high-interest and short-term “pay day” lenders. Therefore, sharing the wealth levels the playing field for low-wealth communities to break through the barriers that have prevented them from becoming economically viable. It is most important to develop a strategy for change that creates a financial
institution, which will shape the environment for wealth creation, homeownership and to achieve financial success.

2. Target Community:

The principal target community is low-to-moderate-income residents of DNCBD13, who are economically deprived. They are unable to change their economic situation thought normal banking procedures, because their credit is insufficient. The credit union’s environment creates democracy and ownership where the members have a vote and a stake in governing their institution.

The overall population of the area is 45,000, of which 14,500 are low-income and reside in DNCBD13, a historical and densely populated area of Downtown Honolulu. Aiming for 14,500-community participation in the project was not feasible. Neither was it a workable and manageable goal. One percent of the 14,500 were a workable goal, which meant that 145 of the financially challenged residents would participate. Of the 145 residents, 17% have actually participated in the project. Seventeen percent, also formed the finance and advisory committees, analyzed the survey results, scouted for locations to help develop the credit union and 7% of the 17% became Board of Directors.

The community participation contributed greatly to each stage of development in the project. They have to the highest degree taken the proposal for a credit union through the stages of forming a board, conducting a needs assessment, and obtaining letters of commitment from non-members. The community, through its Board Of Directors is now developing its business plan, and has received its Field Of Membership of approval by National Credit Union Administration – the first step in the process of getting the proposed credit union chartered. This is an extraordinary feat for the community to have achieved. The residents are empowered by their accomplishments that demonstrate they have the fortitude and drive to make a difference, where they reside. They can envision a revenue stream possibly expanding and taking on a life of its own through their commitment and dedication to change. The target community becomes transformed by their sheer determination that their lives can change from one of social dependency to one of becoming competent managers of their own finances, thus building on tomorrow’s future assets.

3. Stakeholders:

The stakeholders in the project include both members and non-members. Individual community members, other organizations participated in the development of the project. This collected body of experience and support has been invaluable.

<table>
<thead>
<tr>
<th>Name of stakeholder group or organization</th>
<th>Potential benefits and/or costs</th>
<th>Project has been discussed with this group organization</th>
<th>What is their opinion of the project goals?</th>
<th>What is their opinion of the project design?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honolulu City &amp; County</td>
<td>Committed and is willing to make monetary contribution to</td>
<td>Yes</td>
<td>See community based financial institution as a plus for low-income</td>
<td>Very interested, support project design and business plan</td>
</tr>
<tr>
<td>Employees Federal Credit Union</td>
<td>support the credit union of $100.00 non-member deposit</td>
<td>members has been reviewed by assigned financial staff</td>
<td></td>
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<td>---------------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential membership</td>
<td>Return to the member, member services and return on assists</td>
<td>Enthusiastic about the opportunity to save, become homeowners and willing to participate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midway International, Inc</td>
<td>Loans computers to develop project, supplied money to move equipment</td>
<td>Increase standing in the community and employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Help Credit Union</td>
<td>Non-member deposit of $90,000</td>
<td>Participate in the process and making it happen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Federation Community Development Credit Union</td>
<td>Non-member deposit of $100,000 and opportunity to join financial program</td>
<td>Expects to see a strong business plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hawaii Pacific Federal Credit Union</td>
<td>Provide vaults and equipments, saving the credit union thousand of dollars</td>
<td>Expect the credit union to be a success</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hawaii Credit Union League</td>
<td>BOD will get training and some will not cost the organization</td>
<td>Training will equip BOD with necessary skills</td>
<td></td>
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</tbody>
</table>

*Honolulu City & County Employees Federal Credit Union*
President/CEO mentoring, stored donated equipment, furniture, and assigned experienced Accounting Manager, $100,000 deposit approved, and Partner with our proposed credit union to install ATM/ by December-05.
• **Self Help Credit Union**  
  Has written letter of support, provided technical support, is a $90,000 deposit approved  
  Partner with our credit union, provided fundraising advice.

• **Midway International, Inc**  
  Donated supplies, loan computers to project, supplied money to move the donated  
  equipment, vaults and other items to be stored at the City and Country  
  Employees FCU.

• **National Federation Community Development Credit Union**  
  Director of Capitalization Program has written a letter of support for $100,000 deposit,  
  which will permits the proposed credit union to join their financial institution for  
  additional funding.

• **Hawaii Pacific Federal Credit Union**  
  Manager donated two vaults of which one is fireproof; fax machine, office equipment,  
  and two fireproof file cabinets and furniture.

• **Hawaii Credit Union League**  
  Offer training programs to staff and Board of Directors.

4. **Project Goals in CED terms**:

   The economic vacuum left by traditional banks and the excessive rates charged by  
   “payday” lenders stifles any economic growth among the 14,500 low-income residents of  
   DNCBD13. A community-based credit union, offering loans and basic access to services at  
   rates the members can afford, will fill this vacuum and spur economic growth in the  
   community at large. The success will be measured by how many loans are obtained, saving  
   accounts open, the number of members joining the credit union, and how many attend the  
   financial literacy classes. The goals are defined by providing the residents with a member-  
   owned community-based financial institution. This fact, in and of it-self, means that all  
   pertinent documents have been completed, funding has been supplied, and community  
   demand sufficient, officers and staff in place and trained.

The progress towards achieving the project goals is:

• A successful and self-sustaining financial institution will have been opened.
• The community is involved in supporting the proposed community-based credit union.
• Capital has been generated from non-member deposits and members’ savings.
• Access to services will be offered and utilized by the members.
• Members have control over their finances and over the institution.
• Members’ attitude changed towards their financial possibilities has become more  
  optimistic.
• Finance education courses are being offered and employment opportunities are present.
• Charter will have been approved
The success of this project will be verified by supplying access to low-interest loans, saving and checking accounts and finance educational courses. The number will verify the successful progress of the project and size of the members’ accounts, the success of the loans programs, and the participation in the educational courses. The feasibility of the project achieving its goals will be assessed by monitoring indicators, such as the number of pledges from prospective members and non-members; non-financial support from other credit unions; completion of necessary documents.

5. Project Objectives:

<table>
<thead>
<tr>
<th>The objectives of the project are to develop and implement a successful community-based credit union for low-income residents of DNCBD13 by April 2005, where they can begin to save and acquire loans. This will be achieved by:</th>
<th></th>
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<tr>
<td>Complete 250 membership questionnaire and survey results</td>
<td>12-03</td>
</tr>
<tr>
<td>A 5 member Board of Directors formed</td>
<td>9-2004</td>
</tr>
<tr>
<td>Complete the business plan (to be developed by Board of Directors)</td>
<td>3-10-2005</td>
</tr>
<tr>
<td>Develop a strategic plan (to be developed by Board of Directors)</td>
<td>9-2005</td>
</tr>
<tr>
<td>Finalize tentative budget (based on the NCUA mode)</td>
<td>2-29-2004</td>
</tr>
<tr>
<td>Outside funding sources contacted: Honolulu City &amp; County Employees Federal Midway International, Inc Credit Union, Hawaii Pacific Federal Credit Union, Hawaii Credit Union League, The National Federation Community Development Credit Unions and Self Help State Credit Union were contacted. (Pledge letters received).</td>
<td>5-2003 11-12-2003</td>
</tr>
<tr>
<td>Field of membership letter submitted and approved</td>
<td>5-12-2003</td>
</tr>
<tr>
<td>Community leaders offered their support</td>
<td>6-2003</td>
</tr>
<tr>
<td>Office location chosen</td>
<td>1-2004</td>
</tr>
<tr>
<td>Staff to manage and support the credit union</td>
<td>3-2004</td>
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</table>
The prerequisites to achieve the above were outlined by a planning team; goals and objectives were listed; a questionnaire developed; indicators identified; dates and timelines (milestones) established and the final product delivered. A questionnaire was written and distributed among residents to garner statistics that stipulated a demand for a “community-based” credit union. The survey results analyzed the need for a financial institution, the services and products required and a list of initial members/non-members. All of these things have been accomplished.

III. Design

1. Literature Review:
"People Helping People" is the core principle value that emerged out of the credit unions movement. This concept is a fundamental strategy that helped motivate and stimulate low-wealth communities to establish an effective economic base, which addressed their economic challenges. DNCBD13 is no exception; it too needs to launch a effective financial base to address its low-income population. The establishment of a community-based credit union ideally, is to embark on the vacuum left behind by traditional financial institutions.” The development of economic assets offers opportunity for low-income and low-wealth residents to build their assets” (McCulloch & Robinson P2). Data supports the notion that the gap between the rich and poor is broadening. “In 1998, 1 percent of U.S. families (as ranked by financial wealth) owned 47 percent of total household financial wealth - the richest 20 percent owned 91 percent. At the same time, the top 10 percent held almost 90 percent of the total value of stocks, bonds, trusts, and business equity” (McCulloch & Robinson. P2). This daunting progression of wealth continuously flows in one direction where the poorest communities are unable to be among this percentile of wealth holders. A method has to be fashioned to counteract this quandary. Therefore creating a wealth-building institution for the 14,500 low-income residents in the City and County of Honolulu Downtown Neighborhood Community Board District 13 is essential. The credit union philosophy of “people helping people” is crucial to an even-handed approach to this problem of wealth flowing in one direction.

The National Federation of Community Credit Unions (NFCCUs) article discussed “Hot Zones” areas where banks omitted services. These areas are considered to be in high economic distress and lack affordable housing, which limits interest banks have in these areas. Membership-owned credit unions can flourish in these communities, as well as improve them (NFCCU, 2002 p.1).

The development of a community-based credit union as a tool to tackle the community strategy of lack of access to wealth creation and home ownership, will allow the economically challenged to gain financial leverage. This leverage will teach residents to learn to use the economic system to provide for themselves. It will help them to move forward from dependency on the social welfare system to economic gain. Notably, with this leverage, they can become self-sufficient.
A community-based credit union within DNCBD13 will give 14,500 low-income people access to credit and loans, purchasing power, plus financial literacy and incentives to save.

Nadeau and Thompson (1996) point out that small beginnings are not necessarily a limit. Outside funding can come from the formation of a non-profit organization, which receives money from outside the geographic boundaries of the credit union – which it then deposits into its account, funding the entire membership (Nadeau & Thompson, 1996)!

Various organizations can be attached to the basic credit union to expand its usefulness to the community as well as extend its network of funding. The Self-Help Credit Union and Santa Cruz Community Credit Union are excellent examples of non-profit credit unions expanding their assets by affiliating themselves with other organizations. These organizations receive funds, which they in turn deposit in their credit union accounts. Thus money gathered through fundraising and/or donations becomes available to all credit union members.

However, there is a risk in considering only numbers, as Arnold and Foley (2003) point out in their article, “Fostering Trust in Uncertain Times”. Numbers are deceptive – worldwide credit union membership is 112 million, but only 20 million are in countries that are not affluent. The poor need credit unions at least as much as the wealthy, but have problems trusting such institutions. The Proposed Kama‘aina Community Federal Credit Union (KCFCU), in its smallness, will reflect the same two problems. Raising money from deposits in low-income communities is a challenge. “CDCUs – like all credit unions – raise deposits which they re-lend to their members. But in low-income communities, raising deposits from people with little disposable income is a major challenge. Congress recognized this in 1970, when it gave low-income credit unions the exclusive right to raise deposits from "non-members" – organizations and individuals outside the primary field-of-membership of these credit unions” (NFCDCU, 2002, p.1). Therefore, credit unions would be an apparatus, where low-income people becoming asset builders. They can become skilled at ascertaining saving accounts, develop good credit and build loan portfolio. Thanks to Congress, starting from the non-members deposits concept, the KCFCU credit union can immediately expand its financial base. Using knowledge from the Self Help Credit Union and others, the Proposed Kama‘aina Community Federal Credit Union can further expand this base by affiliating itself to other organizations that can provide otherwise unavailable funds. This will facilitate and speed up the development of the proposed community-based credit union and the community it serves.

2. Program:

The structure of the Proposed Kama‘aina Community Federal Credit Union is being developed to serve 14,500 low-income residents in DNCBD13 in Honolulu, Hawaii, in order that they may begin building wealth. This newly formed structure; a financial entity will provide the opportunities for community members to begin saving, opening checking accounts; obtaining their first loan and commence community participation. This will permit the participants to become asset builders and able to accumulate wealth in the community-based financial institution directive by a board of directors. The initial resources for the project comes from area residents, small business community members, credit unions, non-member deposits and the NCUA, who have a vision that focuses on financial growth for its low-wealth community members.
A community economic development project would facilitate change through ancillary educational/credit counseling programs, building good credit for its members, create capital through a saving plan, develop loan portfolios and individual development account (IDA) with the purpose of providing matching fund that would eventually lead to homeownership and entrepreneurship that translates into stability and growth for the entire community.

A community-based credit union provides a solution to the problem created by traditional financial institutions, which tend either to ignore or exploit low-income communities. These community members have been forced to choose between “payday” lenders and self-denial. The literature available on the establishing of credit unions is fundamental. There are specific procedures that must be followed in order to receive approval and to operate the entry. Descriptions of existing credit unions supply models and criteria that are useful in the planning stages. The Proposed Kama’aina believes that credit unions cannot cure all of the problems of low-income communities. They cannot solve all financial needs. However, it is a major step in the process for members of the credit union to own assets of an organization that is willing to risk in providing loans to fellow members. Accordingly, the environment must be conducive for KCFCU to cultivate and grow since the field of membership are important and will continue to offer significant potential for growth. This low-income credit union will become a formidable foe in the area of financial services. Based on the core ideologies of the credit union return to member, member service and return on assets will be incorporated into the process to take advantage of KCFCU competitive advantages as it become more visible and expand its horizon in the larger community.

3. Mission Statement:
The mission of the community-based credit union is to be an economic engine that financially elevates low (less than $25K for family of three) to moderate (less than $50K for family of five) income residents of DNCBD13 become empowered. The intent is to provide residents the opportunity to build financial security through a non-fee based primary savings and checking account. They will also be afforded the opportunity to receive low interest credit cards, which in turn, helps drive revenue in the local economy through their shopping purchases. The mission is also to promote thrift among its members and create a source of provident and productive credit as well as provide products and services.

4. Organizational Vision:
In the next five years, it is envisioned that the proposed community-based credit union will be a thriving and successful entity in which the community membership (including non-members) will increase from 250 to 2000 and the capital will increase from zero to three million dollars. The initial pledge deposits from members, particularly non-members, will equally collect interest and the return on member’s loans will form the basis of the credit union’s funds. Furthermore, regular deposits will build on this foundation. Added to this are those funds provided by organizations, which will be approached for a one year fixed deposit of $100,000 and/or a non-refundable donation of $1000 to $10,000. The credit union will eventually take an approach of partnering with other non-profits and small businesses connected to Community Development Financial Institutions (CDFI) that have technology, education and revolving loan funds to increase our base, which will ultimately not affect our proposed charter. To accomplish
the above, the proposed credit union will embark upon a path to attain its vision of being, “Your Preferred Financial Services Institution.”

5. Participants:
A minimum of 250 community members of DNCBD13 and non-members (businesses, organization, clubs, etc within DNCBD13) participated in the proposed credit union. There are 14,500 low-income residents including, largely Asians such as Chinese, Japanese, Koreans, and Vietnamese; and Pacific Islanders such as Samoans, Fijians, Guamanians, Tongans, Micronesians, and Filipinos. As well as Blacks, Whites, Africans, Europeans and there are also many persons of mixed heritage, including many part-Hawaiians (descendents of the first inhabitants of the islands. The questionnaire distributed among the residents will provide this base membership. And from that based membership will generate additional members to increase the volume of participants in the credit union. Participants shall receive interest on their pledge deposits as well as on successive standard deposits.

6. Community Role:
The community is relevant throughout the entire process: The stakeholders in the project include both members and non-members. As well as individual community members, several organizations have participated in the development of the project to help get the credit union to the implementation stage. Their experience and support have been invaluable. The community residents as stakeholders play a vital role in the progression in order for the credit union to be a success. This can be seen in their level of participation to date. The project owner along with the community has been organizing, planning, developing and identifying members. Their involvement in building a finances institution will enrich their lives and be able to see their achievement. This accomplishment empowered them to know that they are helping make capital expansion and financial growth in their community. The residents will also utilize the service and continue volunteer their time and effort to maintain the entity and shall be credit union members. The individual organizations as stakeholders are also crucial and play a vital role. They become the financial supporters and backers that help sustain the financial institution. The community member is transformed by their involvement, as volunteers they will gain invaluable experience in various aspect of the institution. They will learn banking, budgeting, financial education, marketing and managerial skills that will sustain them throughout their life span. Some potential members have become board members and officers of the corporation that makes policy and financial decision that impact the community economically. The project owner was able to get the stakeholders involved in the process though letter writing, distributing questionnaires, phone and physical contact, as well as meetings, thus illuminating the significant of their contribution. They were informed that helping each other makes dreams promising for themselves and their community, in doing so, it would help leverage the playing field for everyone involved to begin building wealth. The development of a credit union would lend a hand, where the community-at-large could save collectively and build wealth. As a result, five credit unions have donated money and equipment to help make the dream a reality and grant proposals have been written to secure additional funding to sustain the entry.
7. Host Organization:
The host organization is the Honolulu City & County Employees Federal Credit Union. Mr. Wallace Y. Watanabe, President and CEO of the City & County Employees FCU and is a mentor to the KCFCU. Mr. Watanabe has provided a financial person to sit on the finance committee of the Proposed Kama'aina Board of Directors. He has stored the donated equipment that was pre-arranged and pledged $100,000 to the credit union. Mr. Watanabe has been approached to see if the Proposed Kama'aina could utilize their database system in order to serve its membership. This transaction would save Kama'aina substantial sums of money and make it possible for the population to be served. The Planner and Organizer’s of the proposed Kama’aina roles are to work in collaboration with the Mentor and any assigned employees to coordinate and facilitate what has to done to bring the financial institution to a successful conclusion. The concern Mr. Watanabe had was that Kama’aina would not overlap with its population. He was reassured that would not happen since both credit unions have two distinct communities— low-income verse city employees.

8. Organizational Chart

![Organizational Chart](image)

9. Method:
Implementation involves the development of a work plan for a community development federal credit union that engages strategic management, assessing and researching the community; developing management and marketing plan; credit counseling; financial literacy and financial strategy that includes fundraising and business plan. The components comprise of low to moderate-income residents that desire to share in the American Dream that facilitates
capital growth and home ownership. The program will create a business environment to hire community residents. They will fill the need to build a financial institution, a community based federal credit union, where loans can be offered at a reasonable rate and the members can begin saving toward building capital. The membership will be provided product and services. Such as saving, loan portfolios, checking, ancillary education financial management training and credit counseling as part of the Kama’aina services to its membership. The credit union creates a place where the community members can do their financial banking where they live and purchase.

Kama’aina collaborated with various community organizations, credit unions, community residents, Hawaii Pacific university staff person, small businesses, political figures and government agencies that gave ideas, donations and financial support to help build the credit union into a economic base. These community participants were locally as well as nationally. The non-member depositors will support the sustainability of the credit union alone with the other participants. In addition, the grant proposals submitted to funding organizations targeted funds to assist in the longevity of the credit union. The following steps were exploited to accomplish the goals and objectives of the proposed credit union:

**Step 1.** Contact was made with the National Federation Community Development Credit Unions (NFCDCU) for information on starting a credit union. The NFCDCU referred the contact to the Hawaii Credit Union League (HCUL). The HCUL referred the person to the National Credit Union Administration (NCUA), which assigned a staff person to the project.

**Step 2.** The community was involved by, identifying and meeting with community leaders to determine if a credit union is desirable.

**Step 3.** A team was formed, comprised of the Organizer/Planner, Supervisor, and the Community Leaders to initiate the Field of Membership Letter. The letter was the first step in getting the credit union charter.

**Step 4.** A survey was created to discover the specific services the community needed. A questionnaire was written and distributed among the residents to determine the type of services and products they would like for their credit union to offer.

**Step 5.** The Organizer/Planner, together with the Community Leaders, visited and studied similar financial institutions that deal with a similar public.

**Step 6.** The “Field of Membership” letter was sent to the NCUA requesting a charter for the proposed credit union.

**Step 7.** A sufficient base membership was identified, from the survey results, which a Board of Directors was elected.

**Step 8.** The Board of Directors are responsible for developing the Business Plan, policies and procedures and Budget. The Business plan and budget will be presented, with other documents, to the NCUA for approval in 2/30/04.
Step 9. The Board of Directors will establish 3 sites that are suited for the proposed credit union.

Step 10. Board of Directors will select the General Manager, who in turn will hire the accountant, teller, and Data Processing person and additional personnel. In order to limit expenses as much as possible, initial staff may have to volunteer if funding is not established and/or do overlapping duties.

Step 11. The credit union wrote letters, telecommunication and e-mailing requesting non-member contributions of $100,000 each. Three credit unions responded and donated $290,000. Fundraising letters will be an ongoing process requesting other non-members deposits and grant writing to further the cause of the credit union. Two funding organizations have received proposals requesting $130,000 in funding for operation, staff salaries and technical support.

The Board of Directors has assumed responsibility for acquiring letters of support from the community. The reporting policy has been developed to govern the financial institution. This policy is similar to that of the bylaws that govern non-profits organizations. A package of policies and procedures has been assembled, which outline the lending criteria for residents with little or no collateral, thief and loan payments. Community members and non-members have been identified. The business plan is 90 percent completed and will be ready to submit to the NCUA by May 29, 2005 for the charter approval. The Proposed Kama'aina Community Federal Credit Union Board of Directors has secured financial funding for the initial start up costs through the collaboration with other credit unions. The national credit union shared insurance fund will be secured by the opening date.

<table>
<thead>
<tr>
<th>10. Products and Outputs:</th>
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<tbody>
<tr>
<td>The products and services to be distribute by the credit union to its members are:</td>
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<tr>
<td>The Products are:</td>
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<tr>
<td>Ancillary educational/credit counseling programs</td>
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<tr>
<td>Signature, Share-Secured, Vehicle, Small Business, Home</td>
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<tr>
<td>Rehab, and Motorcycle loans</td>
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<tr>
<td>Saving and Regular Share Deposits and Certificates of Deposits.</td>
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<tr>
<td>IRA (Educational, ROTH, Traditional).</td>
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<tr>
<td>Non-member deposits.</td>
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<tr>
<td>Make transactions via ATM services.</td>
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<tr>
<td>The Outputs are:</td>
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<tr>
<td>250 potential members will have been surveyed and result analyzed</td>
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<tr>
<td>Operational policies and procedures to be development to manage the credit union</td>
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<tr>
<td>Members of the community will own the credit union</td>
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<tr>
<td>Business plan developed</td>
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<td></td>
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</table>
### IV. Project Implementation

1. **Implementation Plan:**
   The community development credit union has to construct mechanism and requirements that have to be met. These mechanism and requirements are funding, strategic plan, a field of membership letter, survey results that analyzed and identify the proposed membership, type of product and services to be provided. A Board of Directors, to develop policies and procedures and a business plan that chart the direction the credit union will function over a three-year period and beyond.
## Implementation Plan

| Tasks                                                                 | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | Responsibility                  |
|----------------------------------------------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|-------------------------------|
| Design Processes                                                      | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & Leslie               |
| Draft Proposal                                                       | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & Community             |
| Establish relations w/ Community                                     | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & Community Leader      |
| Research Community                                                   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, community & Leslie      |
| Field of Membership Letter                                           | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & Leslie                |
| Establish relations w/ City & County Employ FCU                      | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, & Leslie               |
| Survey results                                                       | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & Community             |
| Potential 250 members                                                | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & Community             |
| Identify BOD                                                          | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & Community             |
| Write fundraising letter & identify Board Of Directors               | - |    |   |   |   |   |   |   |   |   |   |   |   |   |   | Mable & Community Leader      |
| Establish Committee                                                  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable                         |
| Continue research                                                    | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, & Leslie               |
| Board Of Directors                                                   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, & Leslie & Accountant  |
| Create initial budget                                                | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable                         |
| Continue designing project                                           | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable & BOD                   |
| Determine feedback                                                   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, BOD                   |
| Business Plan                                                        | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, BOD & Leslie           |
| Develop budget                                                       | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, BOD & Leslie           |
| Market plan, Rules, Regulations, Policies, & Procedures              | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, BOD & Leslie           |
| Final project plan                                                   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable                         |
| Proposal submitted to funders                                        | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, BOD                   |
| Finalize budget                                                      | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable, BOD & Accountant       |
| Non-member deposits                                                  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | Mable                         |
2. Inputs: By April 2005 the following will be accomplished:

- A questionnaire administered and presented to the potential members 6/03
- Survey results will have been analyzed 2/04
- A minimum of 250 members will have opened accounts 4/04
- Letters of deposit from non-members have been granted 12/03
- The Board of Directors has been selected and is functioning 7/03
- The start up money has been acquired 12/03
- Loans will be offered 08/05
- Volunteer staff will be in place 08/05
- The policy and procedures will have been developed and made available to members 04/04
- The doors will be open to the public 08/05
- Finalized the business plan to be submitted to the National Credit Union Administration by February 10-05
- Additional $300,000 in non-members deposits will have been raised to support the Credit union 7/04
- The credit union will have been chartered 06/30/05

3. Staffing Pattern: The outlined Staffing plan is as follows:

A. Startup plan will include:

1. A Manager and an Administrator will initially carry out the majority of the responsibilities that are required by the institution.

2. The Manager will be responsible for hiring an Accountant, Teller and a Maintenance crew from qualified volunteer. These individuals will fulfill the obligations of the credit union. If there is none among the initial volunteering pool who is qualified, a search will be conducted among a wider community pool to find candidates that fits within the credit union environment. In addition, the manager’s duties includes, recruiting, supervising staff, implements procedures and maintain appropriate records. Developing a disaster recovery plan to protect the credit union data from lost or damaged. The disaster recovery plan is a system response structure for recovering from disasters.

3. As business activities increases the manager will, with concurrence of the Board of Directors hire additional staff necessary to carry out the responsibilities of the credit union


5. The Board of Directors and input from the community will be responsible for the successfully implementing of the business plan.

B. A startup staffing pattern requirement calls for 2 full time employees that initially meet the obligation of the organization. As the business volume increases, additional qualified staffs
will be hired and at the end of five years, the current projection indicates a need for 6 full time employees. The current job descriptions were selected and approved for the Proposed Kama‘aina Community Federal Credit Union. They match the program’s responsibilities and overlapping duties will be required of the initial employees. Included are three job descriptions that provide clarification of those duties:

Job Description: Principal Accountabilities – The Member Service Representative ensure that all deposit and loan servicing functions are handled efficiently, courteously and accurately. The representative performs all routine cross training tasks and work cooperatively with all Kama‘aina staff and the community. **Attachments: Job Description 3**

The Financial Analyst Principal Responsibility – The Financial Analyst Assistant Team Leader Servicing provides accounting and financial information to management basic function. Assist management in ensuring that financial statements of the credit union are accurate and is closed on a timely basis. Assist in providing timely and accurate financial analysis of the organization. Recommend and implement, as needed, new systems, programs or procedures. Provide recommendations and help implement new programs, corporations and setup in accordance with the United States Treasure requirements. Serve as an assistant to the Team Leaders or Manager in the Servicing and Operations Team, and other areas designated. Deliver professional, highly cooperative and effective service to all customers & other staff. In all activities, provide a high level of team cooperation and support. **Attachments: Job Description 4**

Information Systems Basic Function Responsibility: Support Information and Communications System needs of the organization. Support the Information Systems Coordinator (ISC) in ensuring that all data processing, communications, networks, computers and other infrastructure needs at Kama’aina are functioning efficiently and without error.

Make reports and recommendations to the ISC and the Credit Union Manager about new products, services and procedures. Assist in implementation of the new products or services as appropriate. Perform other duties and responsibilities as directed by the ISC or the Credit Union Manager. Perform and communicate with other staff in cooperative helpful manner. **Attachments: Job Description 5**

4. Budget:

The goal of the credit union is to provide reasonable interest rates to the membership and maintain the viability of the institution. The budget projection keeps the business in compliance with the goals and objectives of the credit union, while making loans and receiving a reasonable profit. The budget also ensures that the institution is on a sound footing and keeps tracts of the loans to members, the return on those loans through fees and interest rates. The costs of operating business include administration, insurance, professional fees, data system, salaries and benefits, leasing, accounting software and equipment costs.
Non-members deposits are crucial to the credit union initial stability. A schedule specifying the ROT to the non-member depositors is part of the budget plan. The depositors determine how the money should be spread. For examples, investments, operations and/or salaries. In the first three years, members will be able to obtain small consumer loans including personal signature, used automobile, home improvement, educational and debt consolidation loans. In the fourth year, the credit union will become “full pledge”, the members will be able to acquire loans to purchase homes, new cars, which will bring in more finances, ATM service & credit cards. Appendix 6.

5. Project Implementation Report: Following a year and half of intensive research and planning, the Kama‘aina Community Federal Credit Union expects to open the door for business in the second quarter of 2005. Major funding commitments are in place following approval of the charter. As well as prepared to implement the business plan. In addition to the core business activities, Kama‘aina intend to add financial products and services identified in the survey results by the proposed members. The products and services identified will meet the needs of the community.

In the first three years, members will be able to obtain small consumer loans including personal signature, used automobile, home improvement, educational and debt consolidation loans. In the fourth year, the credit union will become “full pledge”, the members will be able to acquire loans to purchase homes, new cars, ATM service & obtain credit cards.

The initial Board Of Directors (BOD) has been identified and is in place. The Board Members consist of five (5) community members who emerged out of the surveyed results. Included here is a provision of the Federal Credit Union Act that applies, in that “individuals must not have been convicted of a crime, involving dishonesty or breach of trust, or a waiver must have been granted by the NCUA Board”. This act protects the integrity of the credit union, its membership and investors. Included is a certification and agreement to serve that has to be signed, as part of the authorization form, to obtain a credit report on each member of BOD. As well as privacy act notice to protect the Board Members.

As of January 30, 2004, the following have been accomplished:

The “Field of Membership” Letter towards receiving a charter from the National Credit Union Administration (NCUA) was received and approved. A site has been established in the area, the Board Of Directors in place and a list of proposed members has been filed. the distributing and completion of the survey analysis and data; finalizing the budget projection; successfully negotiated initial non-members deposits of $290,000; secured office equipment and storage space to hold the donated equipment; developed, written and submitted a $115,000 grant proposal to the Leadership For A Changing World Advocacy Institution for operation and direct cost; a grant requesting $15,000 has been submitted to Chaminade University. In addition to the above, the following commitments have to be accomplished:

2004:

February The project manager will be responsible for seeing that the Letter of Understanding and Agreement is carried our according to the Department Of Treasure rules and regulations. The management evaluates and updates its written policies in the areas of loans, collections, investments,
and shares on timely bases. These policies must conform to the requirement of your business plan. The manager must make sure that other than the letter of agreement, the standard membership Account agreements with the corporate credit unions, or loans made to members, the credit union will not enter into any agreement or contract, verbal or written, which exceeds one year in duration except as approved by the Regional Director.

**March:**

The credit union officials will perform and document, on a semi-annual basis, an evaluation of the credit union’s progress in meeting projected goals and budget amounts. The credit union will provide the district examiner with a copy of the report on any variance of 20 percent or more between the goals and budgeted amount and actual performance. The written report should discuss the officials’ plan to get the credit union back on schedule to meet the project goals.

The credit union officials will attend any necessary training courses to develop the skills needed to successfully operate the credit union.

**April:**

The BOD shall work with the management to develop a plan that make certain that the credit union shall refrain from soliciting or accepting brokered fund deposits from any source without the prior written of the Regional Director.

These rules and procedures are important to the credit union survival. These rules and procedures have to be implemented and in placed after the management has been hired. The BOD and staff will support management in carrying out these duties and responsibilities.
TIMELINE OF ACHIEVEMENTS

Project Focus

Jan 03 | May 03 | Sept 03 | Jan 04 | May 04

Project Tasks

- Needs Assessment
- Survey Results
- Board of Directors
- Funding proposals
- Develop a budget

Outline
- Monthly meetings
- Base line reports
- Partnership agreements
- Community / Planning

Established committees
- Tracked monitoring indicators & implementation methods
- Field of Membership Letter
- Monthly meetings

Non-member deposits
- Business Plan
- Development of pro forma financial statements
- Evaluation & update policies
- Review of final project
The Project Manager in collaboration with the BOD is responsible for revising the Business Plan and writing a Strategic Plan that chart the direction of the credit union over the next five years. These activities allow for the credit union to stay on track and abreast of the progress being made. The community shall be involved in the process so that they will get a better understanding of how their credit union works. The BOD will be responsible for taking the leadership role to insure that the community has an on-going present and full participation in the credit union’s evolution. Both management and BOD are to work together to hold community meetings. These meetings will be part of a series of presentations and workshops that set the stage for the growth of the credit union. This growth will evolve in meeting of the minds so that the residents are inclusive and are apart of the overall credit union evolution and development.

The Gantt chart currently illustrates the project implementation plan and the achievement made.
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<thead>
<tr>
<th>Task</th>
<th>1 04</th>
<th>2 04</th>
<th>3 04</th>
<th>4 04</th>
<th>5 04</th>
<th>6 04</th>
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<th>12 04</th>
<th>1 05</th>
<th>2 05</th>
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<tbody>
<tr>
<td>Create a community credit union</td>
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<td>Establish relationship w/ community</td>
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<td>Survey results</td>
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<tr>
<td>Established relation w/City &amp; County Employ FCU</td>
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<tr>
<td>Develop fundraising strategy, Board Of Directors</td>
<td>&lt;Mable, Leslie community &amp; Accountant&gt;</td>
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<tr>
<td>Develop Budget, Community meetings</td>
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<tr>
<td>Business Pl, BOD, Start up funds, Market, policies &amp; procedures</td>
<td>&lt;Mable, Leslie community &amp; Accountant&gt;</td>
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<tr>
<td>Non-members deposits &amp; completion</td>
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V. Monitoring and Evaluation

1. Management Information System (MIS): “Microsoft project was used to collect data, report and monitor the project activities. This system aids the manager in evaluating the operations and progress of the project. The Outlook was used as a tool to assign task, track meetings, and maintain timelines, and interviews. It will also be used as a process of communication amongst participants and staff. To reiterate, it is important to report information on a project and project activities to enable a manager to plan, and evaluate the performance of the project” (CEDPA, 1992, p.53). The MIS will allow for tracking the progress of the project failure and outcomes, in order to ensure access to complete timely, and accurate information. The team will meet weekly to establish and assign specific tasks, discuss developments and/or challenges. Future steps can be modified based on information supplied in weekly meetings. As each task taken from the Performance Indicators list is accomplished, it will be checked off. The Gantt chart was created to input the data collected for the purpose of monitoring project performance.
<table>
<thead>
<tr>
<th>Categories of Information</th>
<th>What to Monitor</th>
<th>Records to Keep</th>
<th>Who Collects Data</th>
<th>Who Uses Data</th>
<th>How To Use Information</th>
<th>What Decisions Can Be Made</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work-plan Activities</strong></td>
<td>Timing of activities, Availability of volunteers and resources</td>
<td>Monthly/quarterly/Annual/work-plans and work schedules</td>
<td>Planner/organizer &amp; Supervisor</td>
<td>Mable, community leaders &amp; Leslie</td>
<td>Insure community and other resources are available</td>
<td>Reschedule activities and deployment of resources as needed</td>
</tr>
<tr>
<td><strong>Costs and Expenditures</strong></td>
<td>Pro Form, Budget figures, expenditures, cost by categories, Dividends, Investments, Loans, Shares, Deposits, Reserve</td>
<td>Ledger of expenditures by budget category, receipts, deposits confirmation of deposits, reports to BOD, non-members deposits and reserve</td>
<td>Project Manager, BOD, Funding &amp; Financial Committee, Community Members</td>
<td>Planner/organizer, BOD &amp; Financial officer</td>
<td>Make certain funds are available to implement activities, ensure compliance w/funding regulations, decide fee formation</td>
<td>Authorize expenditures, Make budget and program revisions, Determine need for other funding sources,</td>
</tr>
<tr>
<td><strong>Staff and Supervision</strong></td>
<td>Knowledge, attitudes and skills of staff, Salaries and benefits, Job performance &amp; time management</td>
<td>Performance reviews, Job descriptions, Resumes of staff, honest feedback from membership, staff, BOD about institution &amp; staff training</td>
<td>Project Manager, BOD/Volunteers, Funding &amp; Financial Committee</td>
<td>Project Manager/ BOD Funding &amp; Financial Committee</td>
<td>Motivate staff and resolve employment issues, Advise staff on career, encourage team work</td>
<td>Placement, Education &amp; Training needs, Promotions, increase motivation, and establish clear performance, expectations</td>
</tr>
<tr>
<td><strong>Commodities</strong></td>
<td>Procurement of services, printing, copying, mailings, postage Products</td>
<td>Inventory, Staff reports, Invoices Investments, reserve, interest and loans reports, business, Strategic &amp; Marketing plan</td>
<td>Project Manager/ BOD and Financial Officer</td>
<td>Project Manager/ BOD, and Financial officer</td>
<td>Ensure availability of needed materials, Ensure good quality of output</td>
<td>Quantity to order, When to order, Amount to keep in reserves</td>
</tr>
<tr>
<td><strong>Results</strong></td>
<td>Number and type of accounts, product &amp; services to be offers to membership, financial management &amp; literacy educated</td>
<td>Members and non-member deposits, Dividends, Investments, Loans, Shares, Cards/forms, Staff reports</td>
<td>Project Manager/ BOD and Financial officer, Financial committee</td>
<td>Project Manager/ BOD, fiscal person &amp; Financial committee</td>
<td>Ensure objectives are realistic, &amp; met Assess quality of product &amp; services provided, Assess appropriateness of services</td>
<td>Revise objectives, Retrain staff, Revise strategy, revise/update business, Strategic &amp; Marketing plan</td>
</tr>
</tbody>
</table>
2. Summary Monitoring Table:
A planning table will be developed that outlines each of the Goals and Objectives to determine whether they have been achieved and to supply information for future objectives. It will provide data for the project team to monitor and analyze the advancement of the project. The plan will also point out potential or actual problems, and their possible solutions.

Summary Monitoring Table

<table>
<thead>
<tr>
<th>Task</th>
<th>Goals/Objectives</th>
<th>Projected Date For Completion</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact National Credit Union Administration for Buy In on Project Assistance and Funding</td>
<td>Create Community Federal Credit Union, Research other credit unions model to develop guideline for member</td>
<td>12/02</td>
<td>Organizer/Planner Mable</td>
</tr>
<tr>
<td>National Credit Union – Consultant Assignee</td>
<td>Established a date to meet</td>
<td>12/02</td>
<td>National Credit Union Supervisor (Leslie)</td>
</tr>
<tr>
<td>Secure Preliminary Approval from Regional Office of Hawaii Credit Union League</td>
<td>Contacted &amp; discuss creating a low-income credit union</td>
<td>12/02</td>
<td>Planner-Mable Supervisor-Leslie</td>
</tr>
<tr>
<td>Schedule Initial Planning Session with Community Leaders</td>
<td>Met with Community Leaders, Established a team to develop the project</td>
<td>2/03</td>
<td>Planner (Mable)</td>
</tr>
<tr>
<td>Begin Initiation of Credit Union Charter</td>
<td>Developing the survey results &amp; collecting info. For the charter</td>
<td>4/03</td>
<td>Planner &amp; Supervisor</td>
</tr>
<tr>
<td>Begin Selection of Board of Directors</td>
<td>Met with Community residents to get their input</td>
<td>5/03</td>
<td>Planner &amp; Supervisor</td>
</tr>
<tr>
<td>Complete 1st Draft of Proposal</td>
<td>Submitted to Supervisor</td>
<td>4/03</td>
<td>Planner</td>
</tr>
<tr>
<td>Begin Process to Secure Credit Union Funding</td>
<td>Wrote funding letter requesting funds</td>
<td>12/02</td>
<td>Planner/Community</td>
</tr>
<tr>
<td>Scout Locations</td>
<td>Met with Relator</td>
<td>3/03</td>
<td>Planner/Community</td>
</tr>
<tr>
<td>Advertise for Members</td>
<td>Pass out flyers</td>
<td>5/03</td>
<td>Planner</td>
</tr>
</tbody>
</table>
3. Evaluation:

Despite significant obstacles facing the Proposed Kama‘aina Community Federal Credit Union, most startup entity requires start-up capital to fulfill their obligation to the community becoming empowered. The Proposed Kama‘aina has already achieved great success. Technology Assistance is readily available to help the Proposed Credit Union to build on the foundation already pledge $290,000 of start up capital. This initial financial has already provided the Proposed Kama‘aina with real credibility in the marketplace. However, to be even more effective and improve the products and services, the credit union must be able to set objectives and assess whether they are being accomplished. As such, the numbers of members joining the credit union, the amount of saving and checking account opened, the number of loans issued, non-member deposits and how many participates in the financial literacy program.

Non-members deposits are crucial to the credit union initial stability as well as continuous flow of member deposits that will advance the credit union mission. A schedule specifying the return on investment (ROI) of the non-member depositors will be part of the budget plan. This budget plan will be a permanent record that maintains the output of the return. The depositors determine how the money should be allocated. Examples are investments, operations and/or salaries. The main priority is to reach the level where the ROI will exceed the operation expenses. Because its imperative that Kam’aina stay afloat until availability of capital, both from members and non-members kick in, as well as grants to generate enough “interest” from the investment pool to pay salaries and expenses to operate the institution.
Evaluation is significant to the project survivable. It determine if the objectives of the project are being achieved and the need to construct future objectives. The assessment will also supply statistics for the project team to monitor and analyze the advancement being made in the project. The analyze will also point out potential or actual problems, and their possible solutions to solving the problems. It charts the direction of the credit union needing to focus. The team will meet weekly to establish and assign specific tasks, discuss developments and/or challenges. Future steps can be modified based on information supplied in these weekly meetings. As each task is completed, it will be taken from the Performance Indicators list and checked off.

The credit union will also be measured by the amount of return to members. The member’s return will be measure by low loan rates, high deposit rates, low fees, and increased products and services (with and without fees), and numbers/types of delivery mechanisms. Ideally, the return to member increases as the credit union gains financial stability and the membership perpetuate itself. Therefore, the net worth ration, equal equity and total assess, which measures the strength of a credit union. The ration considers the net worth of a credit union divided by the total assets of the credit union. This means the proposed Kama’aina Community FCU will be able to capitalized on the net worth provide that it stay above 69%; in order to accomplish this objective the credit union has to maintain a loan to share ration (Navy FCU, 2000).

The Board of Directors, the members and the staff will help determine the success of the program using the following criteria: (a) the successful start up and implementation, (b) meeting or exceeding target membership plan (c) percentage of new members created from existing membership and (d) the return to the members.

The resources used to accomplish the goals and objectives of the credit union and its ability to bring about this success is as follows:

- Organizer/Planner
- Fund raising activities
- Time management
- Travel
- Scheduled meetings
- Consultant time and efforts
- Technology support administered
- Donated equipment
- Board Of Directors
- Community Participations
- NCUA
- Other Credit Unions
- Donated equipment
- Non-member deposits

Mid-year checkpoint analysis evaluations will be generated in order to prepare Self-Assessment and Business Operation Management process reports. These reports will confirm whether the credit union is meeting all government monthly and yearly guidelines. A startup and
an annual evaluation will be performed to determine if the institution is meeting its projection and guidelines being followed.

4. Performance Indicators:
A metric system will be used to monitor the success of the proposed KCFCU, which will requires assessment of the participants to ensure progress is being made. Progress will be determined by how many loans are being made, non-members deposit, how many saving accounts will have been open, and how many residents have attended financial literacy educational programs. A short survey will be given to each member to determine if they are satisfied with the service offered or what they would like to see done differently. This feedback will prove to be useful concerning member’s satisfaction and ideas they would like to see incorporated. Another way of measuring the success will be to monitor the number of residents who actually come into the credit union to use and enquire about the various types of services offered. The financial literacy educational programs can be tracked through the number of classes taken and through a survey feedback to make certain the program is effectual and all-inclusive. Such as:

- Members deposit an amount in a saving account
- Members build creditworthiness
- Participate in the financial literacy training and credit counseling
- Non-member deposits
- Internal and external control
- Acquire loans
- Increase pride and self-fulfillment
- Member ownership
- Member will begin to build wealth

Quality both internal and external guides the service provided to the membership and to each other. Internal quality drives how employees treat each other and how employees treat members.

Summary Monitoring Table

<table>
<thead>
<tr>
<th>Goals</th>
<th>Objectives</th>
<th>Performance Indicators</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A success credit union will be created</td>
<td>Members will be able to open a saving account</td>
<td>Capital generated from member savings</td>
<td>Credit union will open on 8/05</td>
</tr>
<tr>
<td>250 potential members</td>
<td>Survey results will have been analyzed</td>
<td>250 potential members identified</td>
<td>Survey results by 3/04</td>
</tr>
<tr>
<td>Board Of Directors</td>
<td>Board Members select</td>
<td>A 5 Board Membership formed</td>
<td>9/03</td>
</tr>
<tr>
<td>Field of membership letter</td>
<td>Determine field of membership</td>
<td>Membership letter approved</td>
<td>5/12/03</td>
</tr>
<tr>
<td>Business Plan</td>
<td>To get chartered</td>
<td>90% completed</td>
<td>3/10/04</td>
</tr>
<tr>
<td>-----------------------</td>
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</tr>
<tr>
<td>Acquire Outside funding sources</td>
<td>Funding in the form of pledge letters</td>
<td>Non-member deposits received</td>
<td>5/03</td>
</tr>
<tr>
<td>Develop a budget</td>
<td>Pro forma</td>
<td>Determine the amount needed to operate &amp; sustain the C.U.</td>
<td>2/29/04</td>
</tr>
<tr>
<td>Develop a functioning staff</td>
<td>Type of jobs</td>
<td>Manager and Clerk</td>
<td>4/04</td>
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</table>

4. Sustainability:

A. Sustainability Elements:

As the host organization is an established federal credit union, the financial, political and social circumstances, which might affect it, are those that any similar financial institution faces, drop in membership and the downturn in the economy. The future aspect is that revenue generated from member loans and initial pledges will be an initial source of income, banks that have low CRA rating will be approached to contribute funding, non-members deposits and return on investments.

The long-term goal is to develop a fundraising strategy that target organizations and funding sources that will assist with monetary need. And most of all, involve the community in planning fundraising activities that generate supplementary resources; present presentations on its significant, embrace community and business groups that will helps sustain the credit union. As well as promote the credit union program and services throughout the community by introducing new members to the credit union. It is also the responsibility of the credit union to be an extraordinary example in the community, which will stimulate positive attitude among the membership. The slogan that will introduce the credit union is “this is your financial institution, you’ll make a difference where you live.”

Integrity is a key element in stability and Kama’aina will always be guided by doing the correct thing for the membership. The entire organization shall be based upon financial integrity with member money and integrity to the membership themselves. As Kama’aina grows in the future, there is always the risk that the credit union may become rivals from certain segment of the larger credit union’s community, which our credit union have to prepare itself against.

B. Sustainability Plan:

A full time manager will be hired initially and a clerk to manage the operation of the credit union. $290,000 in pledges/deposits has already been committed. Further pledges of
$100,000 - each from other non-members deposits to cover loans and investments will be pursued. Other outside funding (finance education courses, etc.), interest on loans generated, donations from other credit unions to defray the cost, such as equipments, furniture and a list of primary sponsors will be developed. Recruitment of instructors from the Retired Teachers Association will be pursued, Community Members, NCUA and HCUL to volunteer their much-needed services. All these resources will save on financial resources that can be used else where within the entity.

Service will always be a priority for the credit union. Service is providing our products to the membership the way they want them delivered.

C. Institution Plan:
The Honolulu City and County Employees Federal Credit Union is vital to the initial development process of Kama’aina. It provided $100,000 of deposits, professional skills, finances, and technical support, acted as a mentor, assigned a financial person to act as a judiciary and provided technical support. Several credit unions and a non-profit have pledged additional $190,000 of support and donated equipment and technical support to the entity; while another has provided staff training on such policies and procedures as debt ration, thief and loan management, etc. Additional credit unions will be approached and requested to donate deposits of $100,000 each to increase the amount of funds to cover loans and operation.

Community Concerns:
The Concerns about proposed Kama’aina were:
- How is the credit union going to be perceived and accepted in the business world?
- Will Kama’aina function in the same way as other credit unions?
- Will their plan function as other credit unions function?
- How is the C. U. going to comply with accepted business procedures?

After assessing the community, the proposed Kama’aina Community Federal Credit Union is already being perceived as developing into a first-rate financial institution in Downtown Honolulu, Hawaii. The credit union will competently provide financial services to meet the financial needs of low-income residents It has already developed trust-worthiness in the credit union community through pledges received totaling $290,000 for startup capital. This acceptance of the Kama’aina fits well within the accepted business procedures and methodologies. The traditional financial institutions do not see our financial institution as a threat to their population nor their profits. Since, our credit union has to follow the prescribed formula established by the National Credit Union Administration policies and procedures and not the banking system formula.

Basely the community credit union function in the same manner as other credit unions with the exception instituted by the Congress. The exception instituted by the Congress is that non-member deposits concept permits community credit unions to expand there financial based by affiliating with other organizations. Kama’aina has established links with others credit unions and organizations.
The KCFCU will have developed a positive representation in the community through members opening saving accounts and issuing loans to purchase used cars. This will build confidence in the membership as well as build positive business relationships. An example, of that would be to partner with car dealerships to setup credit programs that would meet Kama‘aina’s members need to be able to purchase cars at a cost they could afford. KCFCU will be able to expand the services within three year after being in operations. The members will have a full services credit union, where the membership will be able to get loans to purchase new vehicles and homes, as well as have access to their ATM machine.

VI. Conclusion & Recommendations

The project is being developed to address deficiency of a financial institution that necessitates change for the moderate and low-income community residents of DNCBD13, to have a credit union. The need for a community based credit union is paramount to tackle this problem of needing a place to bank the un-banked.

The Proposed Kama‘aina Community credit union host organization changed from the National Credit Union Administration to the Honolulu City and County Employees Federal Credit Union. The employee’s credit union is not a policy-making organization and therefore a better fit for Kama‘aina as it provides the same type of services and products to its members. The city and County can provide finances, assign key staff support, mentoring; and assist in other areas of the credit union that the NCUA cannot provide. The NCUA has served as a regulator organization that has set the standards and procedures for other credit unions as follows:

• Principal goal (credit union) not changed
• Minor changes to objectives
• Order of objectives

The objectives fully achieved are:
• A 5 member Board of Directors are in place and operational
• The governance policy is developed
• Letters of commitment of $290,000 in non-member deposits have been received
• The proposed credit union “Field of Membership Letter” has been approved
• Credit unions have donated, equipment, materials, technical support, and financial advice

The objectives partially achieved are:
• A grant proposal for $115,000 has been submitted to “Leadership for a Changing World”, Advocacy Institute
• The majority of the 250 prospective members have been surveyed, and the results have been completed
• A grant requesting $15,000 has been submitted to Chaminade University
• 90% of the business plan is completed
  Site has been located and is under restructuring

The remaining work needed to fully achieve these objectives requires the following:
• Complete the survey results.
• Complete the remaining Ten percent of the business plan.
• Pursue the additional $300,000 in committed pledge deposits.
• Open the door to 250 additional members.
• Offer loans on the first day of operation.

Kama’aina plan is to be a responsible community financial institution and requires that it be executed in a manner that’s befitting to the residents. Its goals and objectives are to be carried out in a conscientious way so that the residents will have a financial institution to meet their particular financial needs. The community based credit union will meet their needs; permitting them the opportunity to begin saving and eventually become homeowners, where they can experience living the “American Dream.” This un-bank population will be in a better position to change their world from being victims of “Payday Lenders” and traditional banks insensitivity to their particular needs to own equity. Toward this end, they become productive citizens who can contribute to their community in a positive manner by circulating their wealth where they live.

**Recommendations:**

The National Federation Community Development Credit Unions (NFCDCUs) was a major strategy for Kama’aina because of its prominent in the community development field of credit unions. The organizer was informed of the NFCDCU’s aspiration and desire to assist other credit unions in their necessity to create a financial institution. Ongoing discussions with NFCDCU facilitated that the project could evolve out of a need to make a different in the community, where the residents reside. Most importantly, the credit union be designed in the best interest of the field of membership and immersed in the community through fostering home ownership, saving plans and loan portfolios by the participants.

The best practices are Self-Help and NFCDCUs. These organizations have achieved great success and are prominent in their communities. They provide products and services to their members and member organizations. Therefore, the follows recommendations are required to startup a credit union:

• Define your community
• Most importantly involve the community
• A contact person is essential is when starting a new venture. The contact can open doors to other major contacts.
• Research the community, market& population
• Do a need assessment
• Develop a questionnaire to determine a need
• Analyze the survey results
• Maintain the philosophy and principal goals of the credit unions movement
• Collect data on how to develop a credit union
• Define the field of membership
• Network to get funding and donations
• Write grant proposals
• Develop a business plan
• Create a Board Of Directors
• Locate a site
• Develop policies and procedures
• Locate host organization
• Develop pro forma/budget
• Decide what type of credit union:
  a. Community
  b. Educational
  c. Employees
  d. Labor unions
  e. Association
  f. Political
  g. State
  h. Federal
  i. Secular
  j. Religious

The account holders shall attend training workshops to learn the significant of saving accounts and saving plans, checking accounts and loan portfolios for building assets. They will learn through setting goals and an appreciation of how to reach those goals. Residents will have become skilled at prevailing over obstacles that prevents them from achieving their goals. Improve stereotyping – the poor can’t save, financial skills and economic independence of 250 residents by opening saving and checking account and on-going literacy training. Members will learn the important of wealth accumulation by saving a dollar per day, even though they will be encouraged to save more.

The constitution of the credit union is established to encourage residents to perceive saving and attaining loans as a constructive method of achieving the American Dream. Since, Kama‘aina shall be an important institution in the community. It will craft policies and procedures that shall be executed in a manner befitting the participants, the community and the institution. Therefore, it is equally important that the objectives and goals will be carried out in a responsible way so that the residents will have a financial institution that meet their particular financial needs. It is vital that the members begin saving and looking forward to becoming homeowners, where they can experience the “American Dream.”