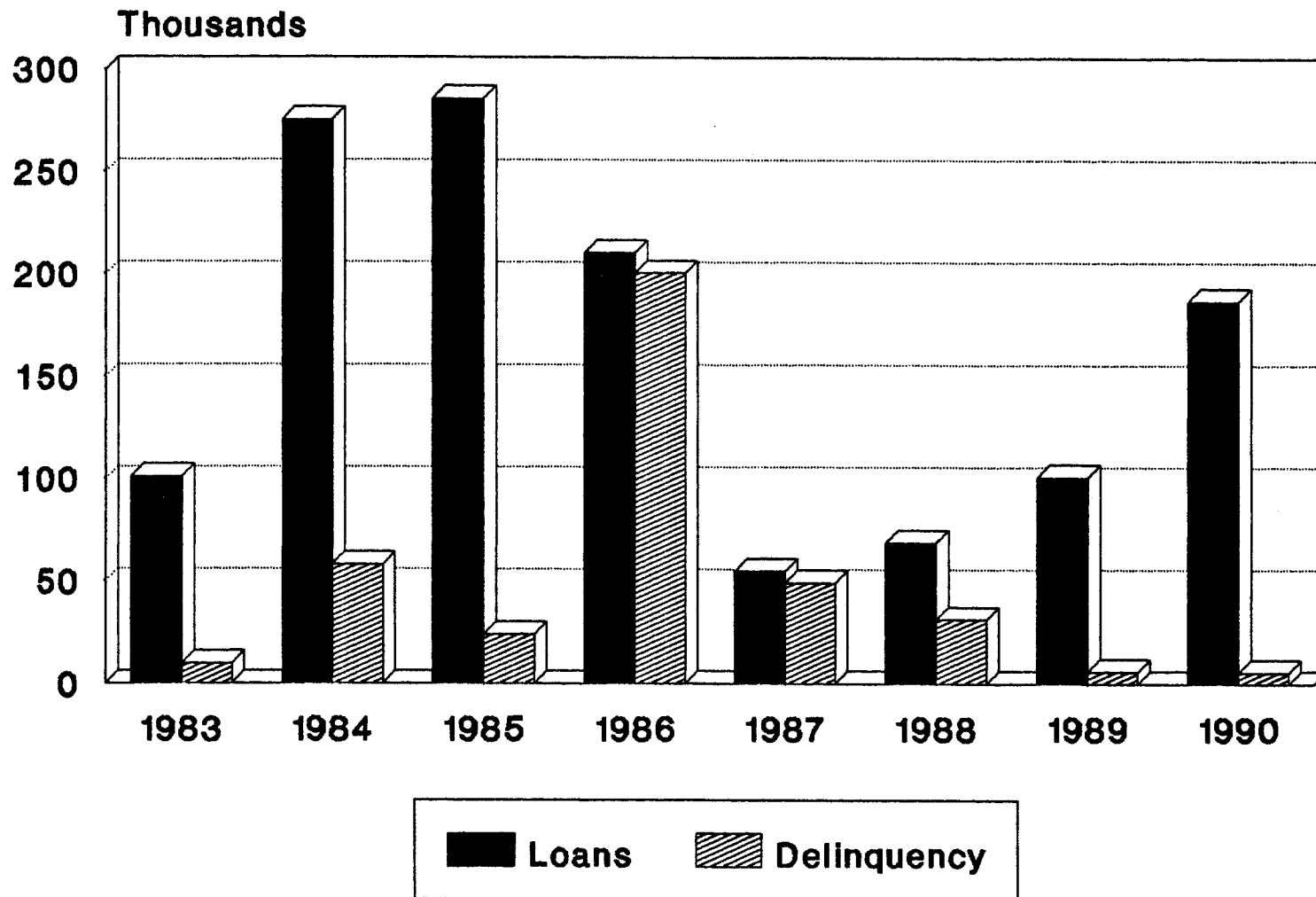
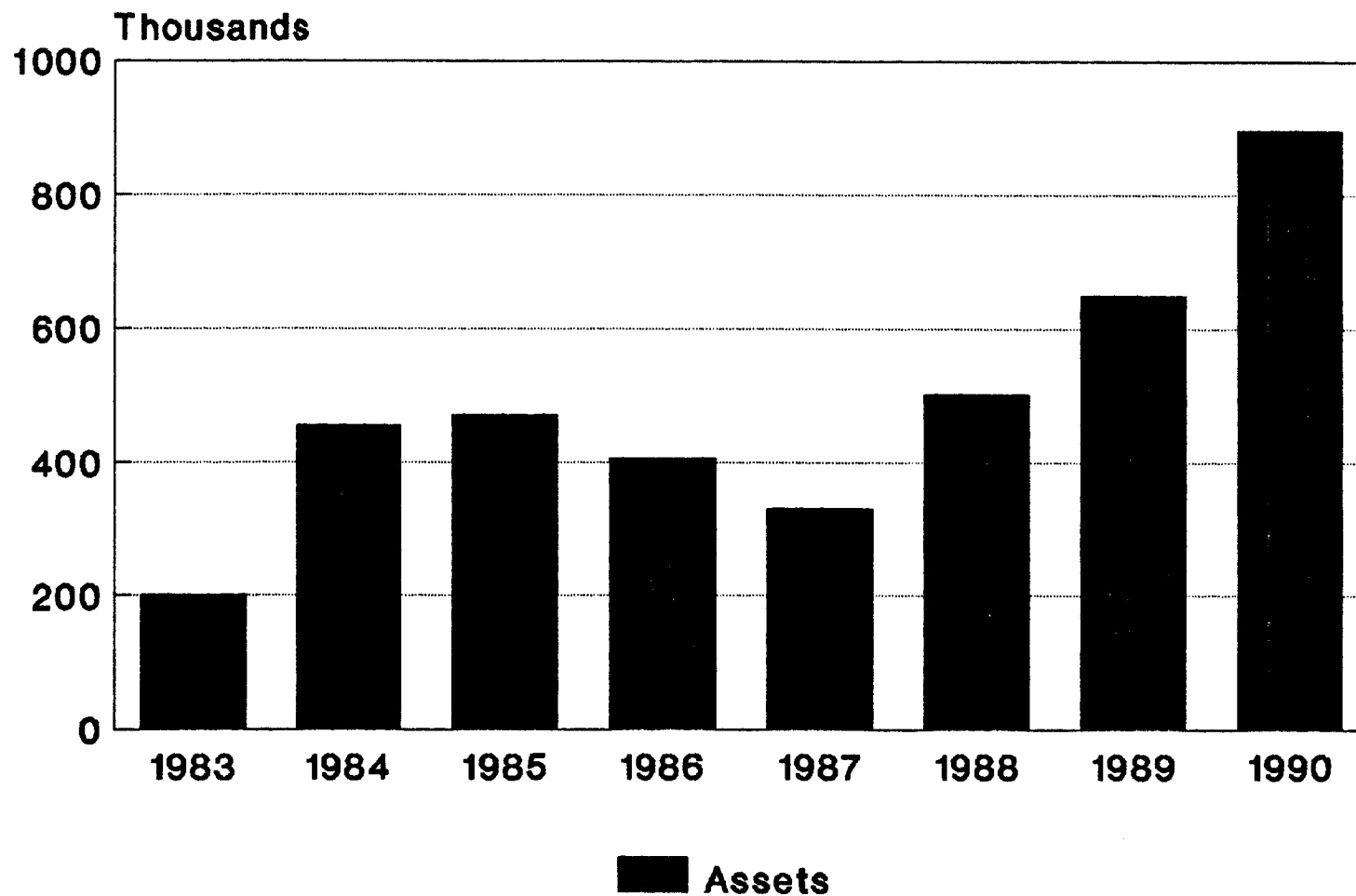


# Total Loans/Delinquency



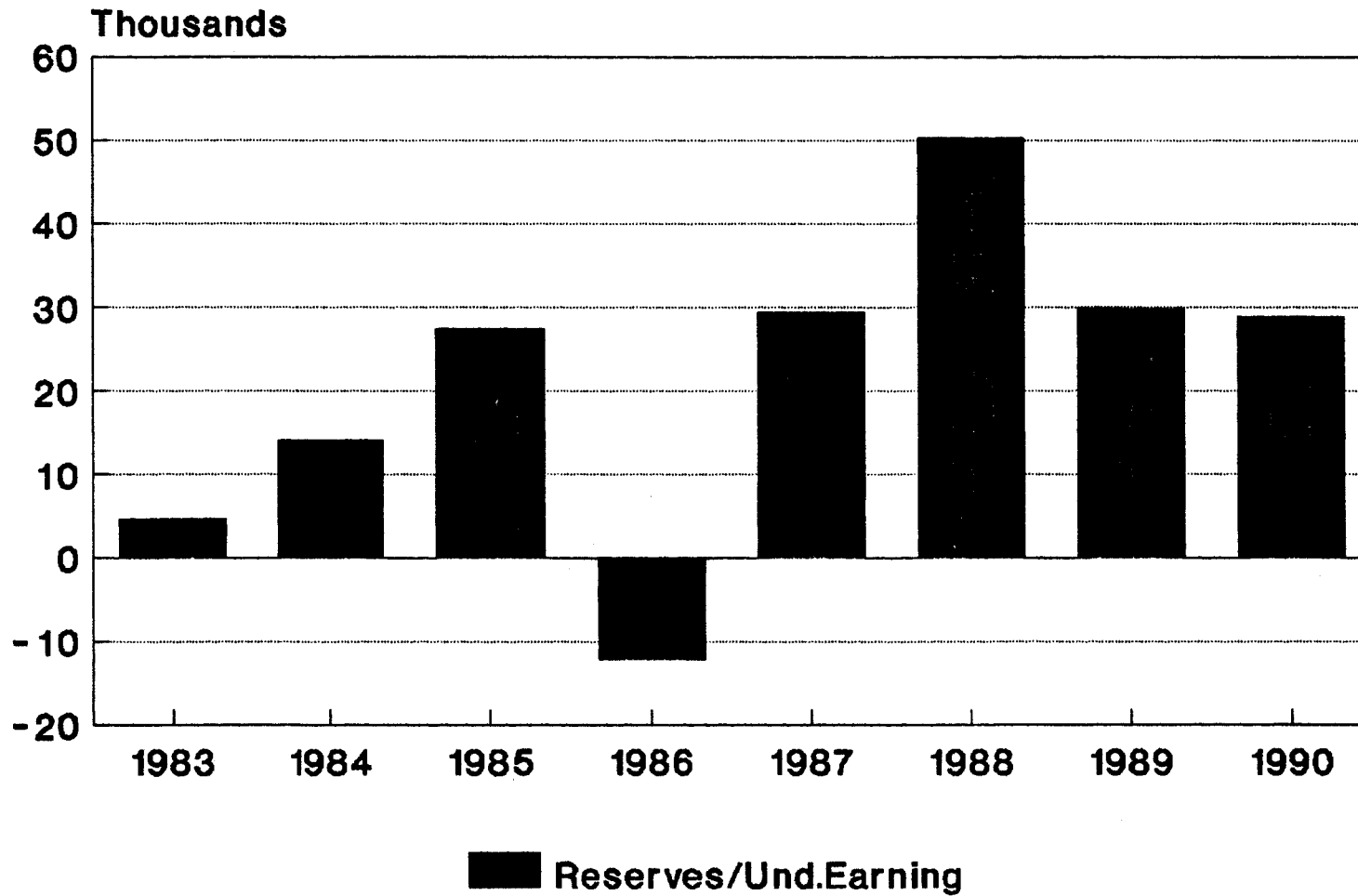
Borinquen Federal Credit Union

# Total Assets



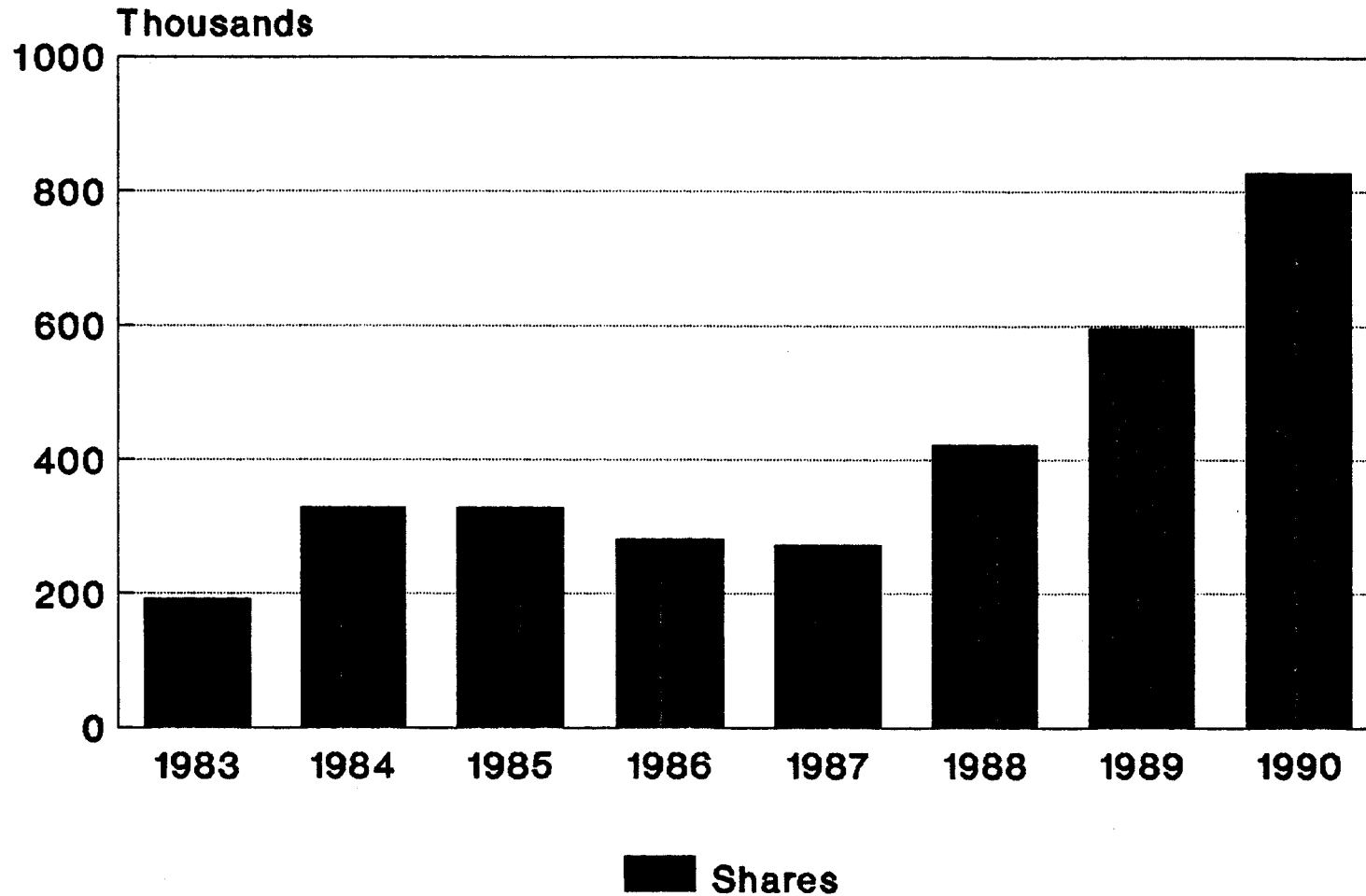
Borinquen Federal Credit Union

# Total Capital



Borinquen Federal Credit Union

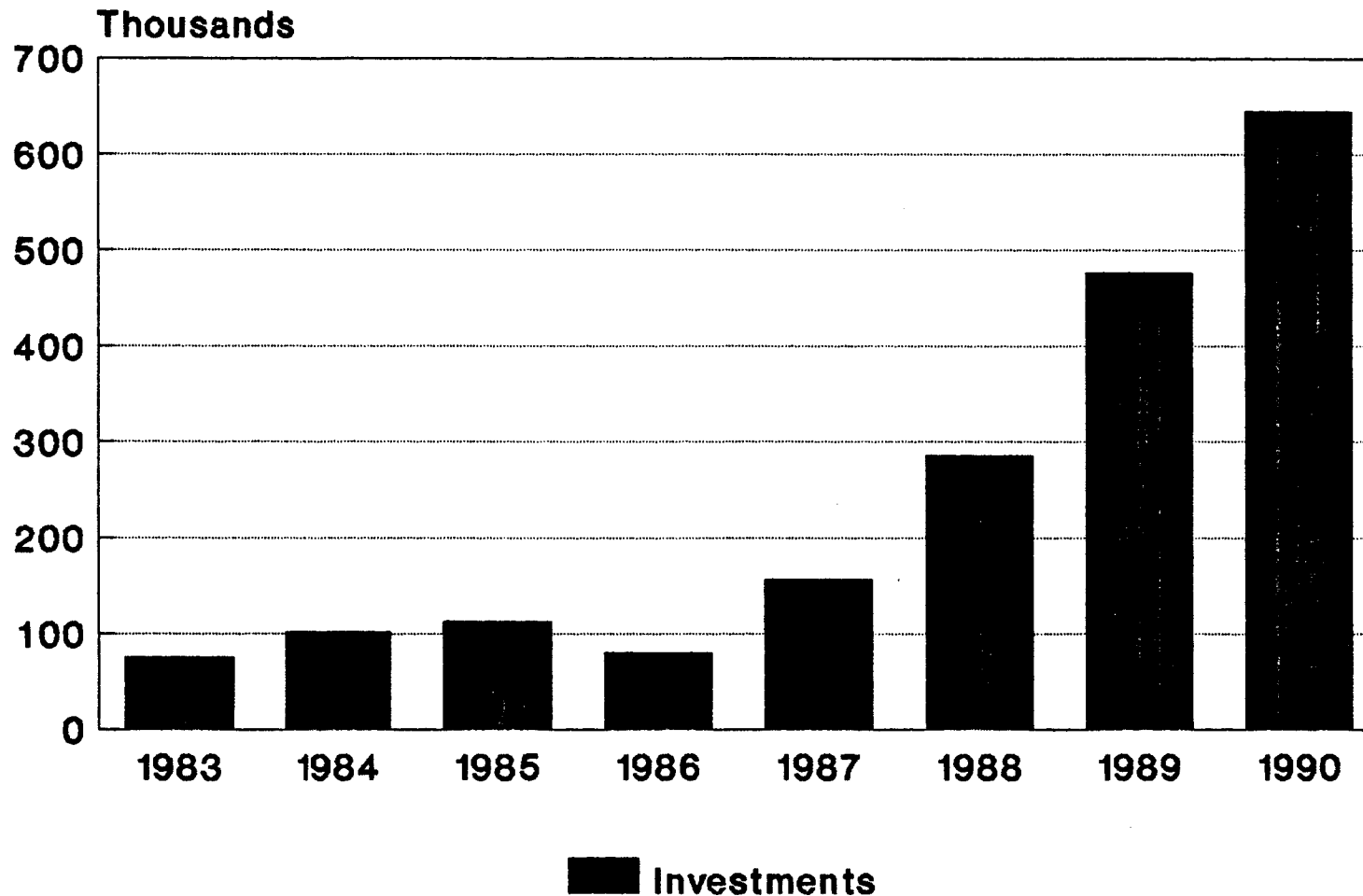
# ToTal Shares



Borinquen Federal Credit Union



# Total Investment

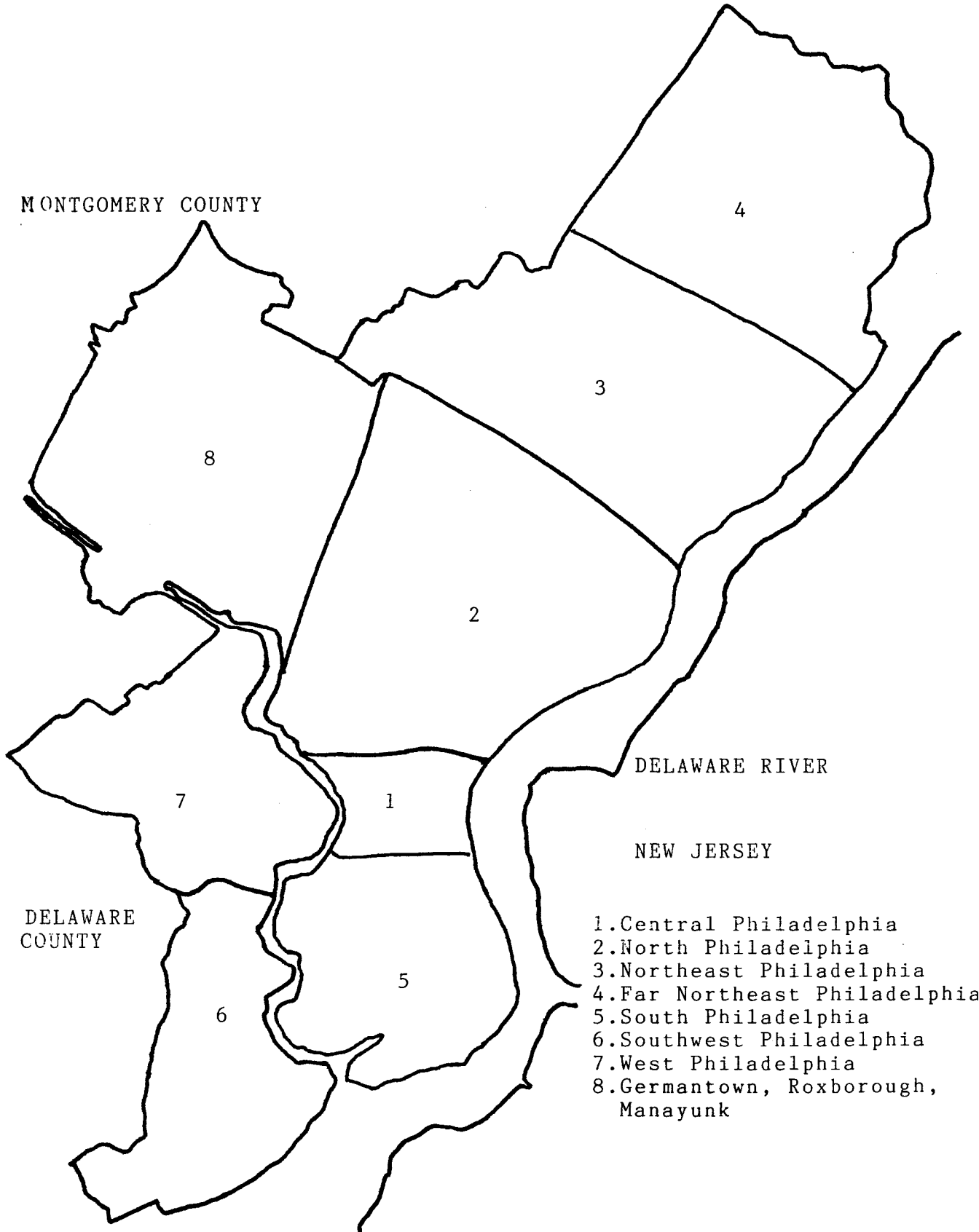


Borinquen Federal Credit Union

PHILADELPHIA NEIGHBORHOODS

BUCKS COUNTY

MONTGOMERY COUNTY



DELAWARE RIVER

NEW JERSEY

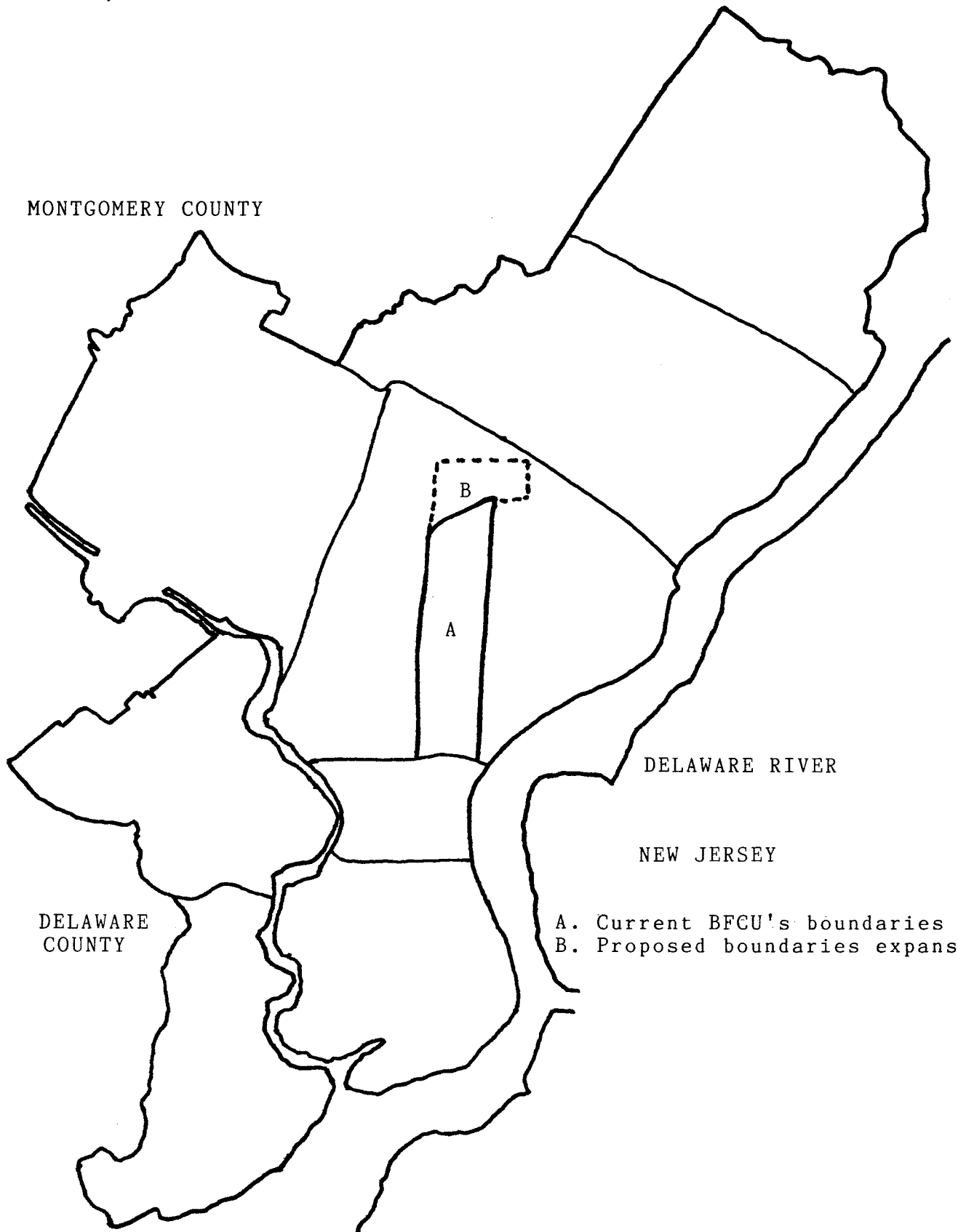
DELAWARE  
COUNTY

1. Central Philadelphia
2. North Philadelphia
3. Northeast Philadelphia
4. Far Northeast Philadelphia
5. South Philadelphia
6. Southwest Philadelphia
7. West Philadelphia
8. Germantown, Roxborough,  
Manayunk

BORINQUEN'S BOUNDARIES

BUCKS COUNTY

MONTGOMERY COUNTY



DELAWARE RIVER

NEW JERSEY

DELAWARE  
COUNTY

A. Current BFCU's boundaries  
B. Proposed boundaries expansion

CEIBA'S MEMBER ORGANIZATIONS

BUCKS COUNTY

MONTGOMERY COUNTY

HUNTING PARK CDC

CENTRO  
PEDRO  
CLAVER

BFCU

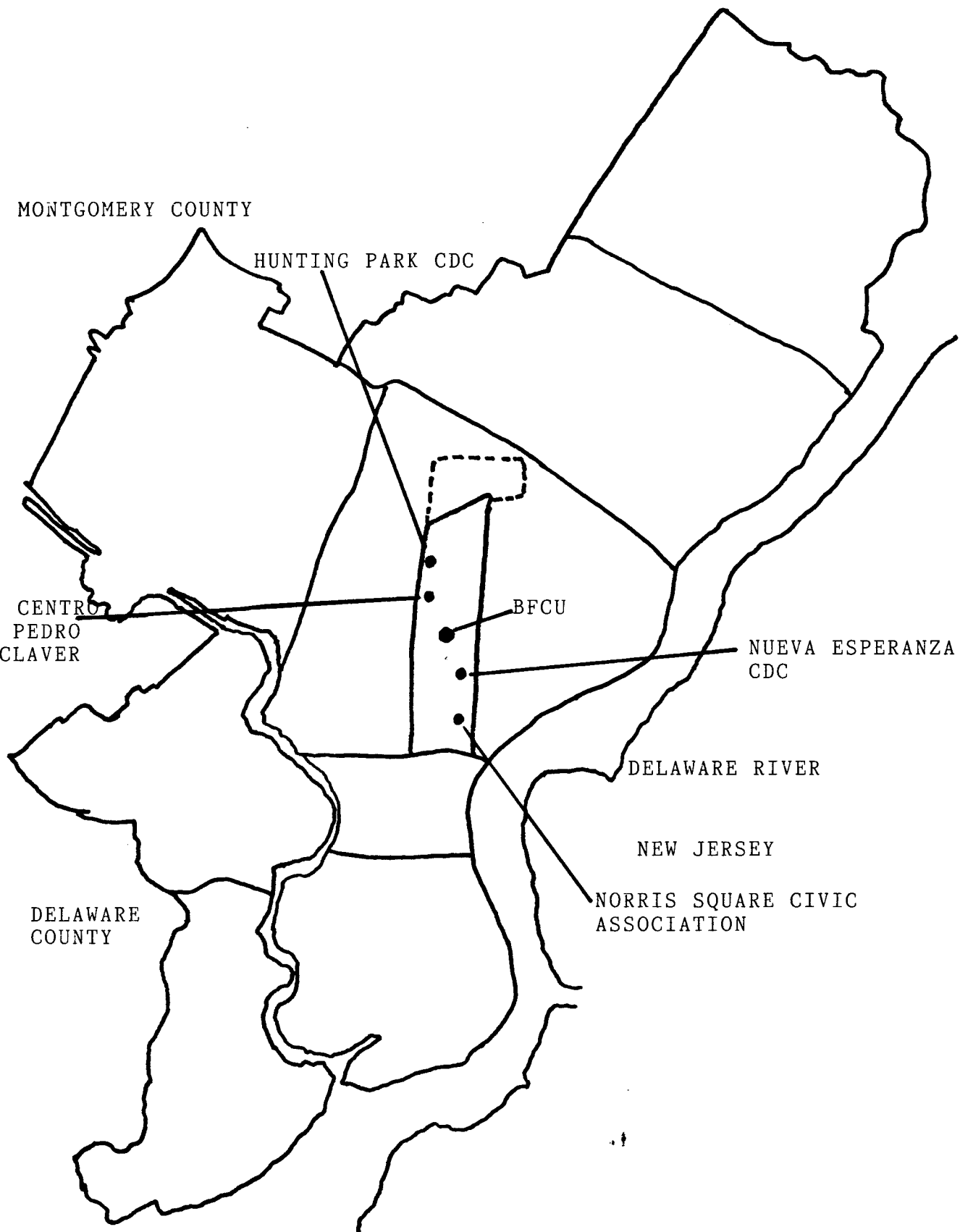
NUEVA ESPERANZA  
CDC

DELAWARE RIVER

DELAWARE  
COUNTY

NEW JERSEY

NORRIS SQUARE CIVIC  
ASSOCIATION

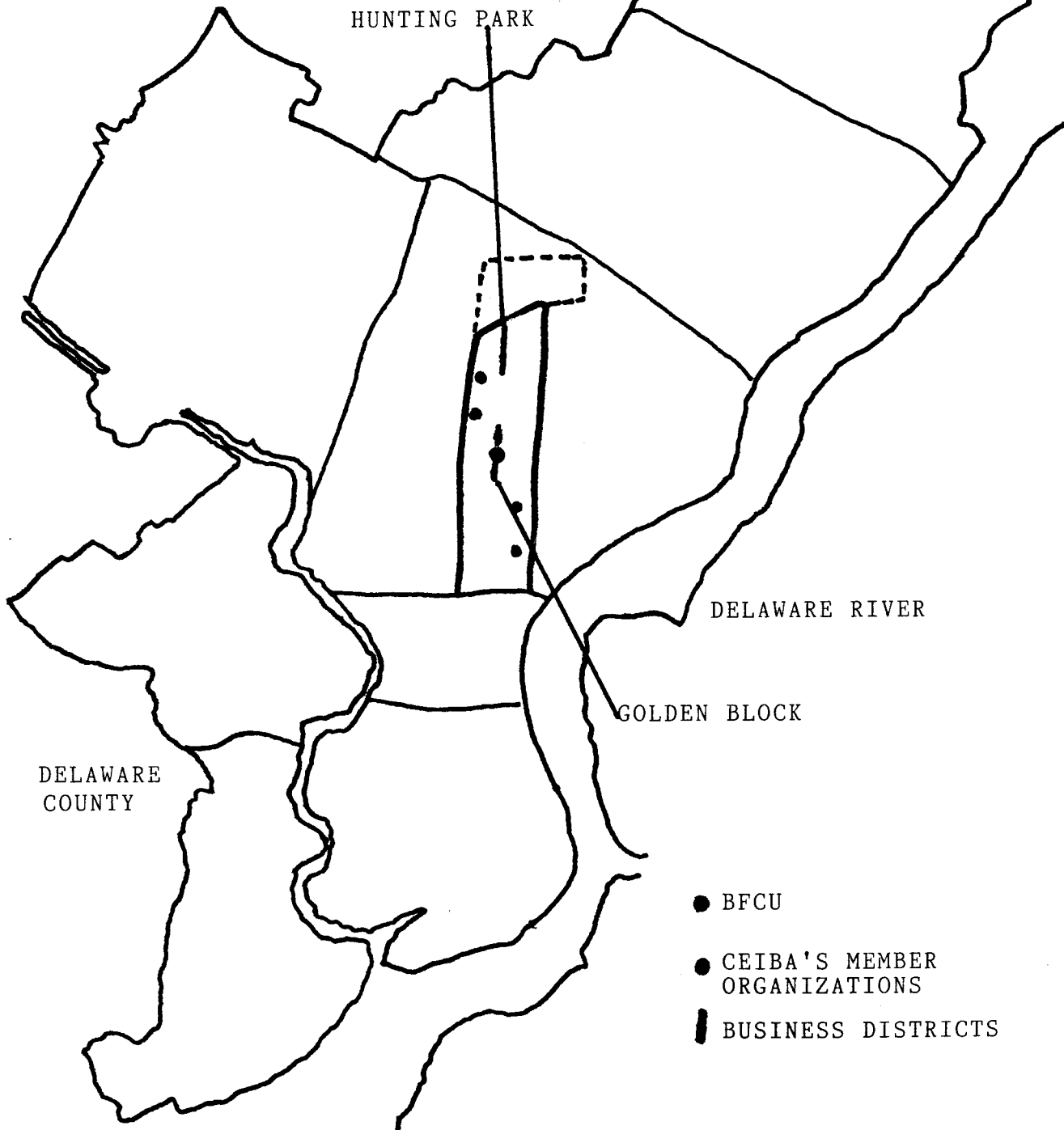


# LATINO BUSINESS DISTRICTS

BUCKS COUNTY

MONTGOMERY COUNTY

HUNTING PARK



DELAWARE RIVER

GOLDEN BLOCK

DELAWARE  
COUNTY

● BFCU

● CEIBA'S MEMBER  
ORGANIZATIONS

▬ BUSINESS DISTRICTS

## BORRADOR

### PAMFLETO INFORMATIVO

#### ¿Qué es la Cooperativa de Ahorro y Crédito Borinquen?

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

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

#### ¿Qué son acciones?

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

#### ¿Como se utiliza el dinero de la cooperativa?

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

#### ¿Qué son dividendos?

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

#### ¿Como la cooperativa produce ganancias?

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

#### ¿Qué servicios ofrece la cooperativa?

- \* Servicio de ahorro en cuentas de acciones.
- \* Préstamos personales y para mejoras al hogar.
- \* Cambio de cheques gratis para los socios.
- \* Venta de giros a precios módicos.
- \* Información sobre servicio de vivienda proveído por otras agencias de la comunidad y de la ciudad.
- \* Orientación sobre hipotecas y referido a bancos.

¿Qué beneficios puede ofrecer la cooperativa a nuestra comunidad y sus socios?

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

¿Cuáles son las responsabilidades de los socios?

- \* Participar en la asamblea anual de socios y saber como se administra la cooperativa.
- \* Promover y patrocinar la cooperativa y sus servicios para su desarrollo.
- \* Ahorrar regularmente, por lo menos \$5.00 mensuales.
- \* Respetar el personal y los demás socios de la cooperativa.
- \* Pagar los préstamos a tiempo, recordando siempre que el dinero pertenece a usted y a otros socios.
- \* Mantener su dirección y teléfono correcto en nuestros archivos.
- \* Respetar las normas y el horario de la cooperativa.

DRAFT  
BFCU BROCHURE

What is Borinquen Federal Credit Union (BFCU)?

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

What are shares?

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

How is the credit union money used?

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

What are dividends?

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

How does the credit union produce income and generate profits?

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

What services does the credit union offer?

- \* Share savings accounts
- \* Consumer and home Improvement loans



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

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

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

What are the responsibilities of the members?

- \* Attend the annual meeting of the credit union and monitor the management of the credit union.
- \* Promote and support the credit union services for its development .
- \* Save regularly, at least \$5.00 monthly.
- \* Respect the personnel and other members of the credit union.
- \* Pay the loans on time, always remembering that the money belong to you and other members.
- \* Maintain the correct address and phone number in the credit union files.
- \* Respect the regulations of the credit union and honor the banking hours.

PROJECT UP-DATE  
BORINQUEN FEDERAL CREDIT UNION  
JUNE 1990

During this month we have not worked in the project too diligently, but some important issues have happened that we must mention:

1. The problem with the conduit organization has not been resolved yet. IRS has not issued any decision as it relates to the funds of BFCU.
2. We have a deposit from the Philadelphia Sheriff's Office of \$50,000.00 at 4% interest rate. For political reasons the sheriff is under investigation by the City Controller's Office. We have been verbally advised that we should increase the dividend rate. It has been the board's decision that if they request officially an increase in the return on investment we will ask them to withdraw the money. This is the only non-member deposit we actually have.
3. A proposal was submitted to the NFCDCU for a \$90,000.00 deposit at 2 1/2%, of a Ford Foundation program. This deposit, if approved has to be matched in a one to one basis with other deposits. We are planning to match it with member deposits, organizations' deposits and churches deposits. A \$10,000.00 deposit has been already committed by a local organization. (See enclosed proposal)
4. The supervisory committee conducted the audit, through an outside contractual services. This will bring the credit union to compliance in this requested area of concern. Report should be completed by the end of the month.
5. PNB had a meeting with Ceiba to discuss the new mortgage product and the application process. Although BFCU was not present at the meeting, it was clearly communicated by the bank to Ceiba that BFCU must play an important role in this process. The bank also informed the community this week that it is closing the only branch left near the community. This will bring other issues to the scene and BFCU will have to be careful in how we play the game.
6. The board is confronting some difficulties it started addressing on May's meeting because one member resigned and one member is very sick. This leaves us with only five active board members of which one is moving to Puerto Rico in October. Two candidates were presented and we should make a decision on June's meeting. Although this will affect the

educational committee because one of its members will be transferred to the Supervisory Committee and the chair is the one who is moving to Puerto Rico.

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

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

Prepared for: David Miller  
Prepared by : Socorro Rivera &  
Jose Rivera

GETTING TO A MARKETING STRATEGY  
PART I. ANALYSIS AND TACTIC

Prepared for: Michael Rozyne

Prepared by : Socorro Rivera  
June 1990

## ANALYSIS AND TACTIC

### A. Introduce your organization

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

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

Although this is a 15 years old financial institution, it has not been until recently that it has become a community institution. Prior to 1986, when it was liquidated by the National Credit Union Administration (NCUA), it was poorly run and used by volunteers of a Catholic Social Services Agency . Fraud and high delinquency rate prompted the crisis which brought insolvency and temporary liquidation. A group of community people, of which I was part of it, created a committed to "rescue" this only financial institution in the Puerto Rican/Latino community monitored by the government. On May 1986, BFCU became the first credit union in the nation to be re-opened after liquidation, fully chartered, and returned to be managed by community people.

Long working hours and full participation of board and staff brought this credit union to solvency. Actually it provides services such as saving accounts, consumer and home improvement loans, free cash checking, money orders and referral to other institutions for housing services and other financial services not provided by the credit union. Services are provided by myself, general manager, and the assistant manager. The board of directors play a significant role not only in policy making but also in the approval of loans. The entire operations of the credit union is done manually and all record keeping and bookkeeping is done internally.

B. What is your marketing objective?

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

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

It is our objective to market the loan services to our membership and potential members, while educating them on the importance of re-paying the loans for the survival of the credit union.

C. The product, service or idea

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

BFCU provides the opportunity to apply for loans to members who are on fix income (DPA, SSI, SS) , with a re-payment schedule based on their income ability to pay, independently of the amount of the loan. This also applies to working members as well. Credit check is only requested of those members applying for more than \$10,000.00. Loan services fee are minimum and can be financed if necessary. Loan total amount can be re-paid at any time without penalty

For low-pay workers, individuals living on fix income, for those who banking institutions have not provided access to credit, BFCU can become their alternative.

D. The target market

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

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

The age bracket of 25 to 34 years old hold the highest percentage, 26.3% of the total potential market. The second largest being between 15 to 20 years old with 19.7% of the potential market. The groups ( ages 20-44 ) will most likely demand adequate housing and employment. The needs for the older age group are more likely to be of health care, adequate housing, and travel. The needs of people below 20 years of age are of education and employment.



Of Borinquen's potential market, 50.1% are women of which 7% are single households with children. BFCU which gives 66% of its total loans to women reflects the statistics that women are in greater number, and are demanding more financial services than man. In our marketing strategy we must address the financial needs of the growing women population.

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

E. Situation Analysis: the environment

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

that produces the comparative reports. This has put pressure in the board to tighten the credit policies, limiting our market.

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

Other positive sign for the credit union is the Community Reinvestment Act (CRA), which has put some of the banking institutions in a positive relationship with the credit union to develop some joint venture projects. One of the perspectives is that some banks may buy mortgages from BFCU, if we start providing mortgages. If we have a secondary market willing to buy our mortgages we may seriously consider this market. Other possibility, more firm now, is that one bank is negotiating a joint project with us for their mortgage applications in our community. Under this plan we will do the initial application process and will be involved in the evaluation committee. BFCU will be

compensated for these services. Although this will not increase our loan portfolio, will expose the credit union to a larger market and will expand the possibilities for the home improvement loans and the consumer loans.

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

F. Situation Analysis: the competition

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

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

These businesses provide relatively quick bilingual services, request only minimum I.D.s, cash government checks and checks from other countries with minimum requirements.

Their cash checked services are extremely expensive. They can charge up to 10% for cashing a check. Most of them do not request any legal papers to notarize documents but charge high fees. Their expertise in tax preparation is poor, which causes many complaints in the community.

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

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

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

Due to the fact that these businesses are not regulated neither monitored by any government agency, they are completely free of playing with the market. Their costs

for running the business is very low, but their return on investment very high. They do not have to market their product because there is enough demand. They do not have to maintain any business ethic because basically people have no other alternative. They are well established financially, with diversified businesses and are very well recognized civic leaders in the community.

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

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

G. Situation Analysis: your organization resources and capabilities

Actually BFCU is surpassing the crisis of 1986. In the last three years our assets have been deepleded by \$326,000.

We have been working against the odds to absorb all the losses, collect the delinquent loans, maintain the membership happy and growing, pay at least limited dividends, etc. In the meanwhile we have been obligated to move twice in the last year and NCUA tried for the second time to liquidate us for lack of operational income.

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

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

Within the limitations BFCU has the cash flow needed to increase loans considerably, has a functional new credit committee who can evaluate loan applications fast, effectively and efficiently. We also have the trained staff person who can take the loan applications accurately and perform the underwriting as NCUA requires in a consistent and efficient manner. We have also established a loan collection procedure to mini-

mize delinquency. We have also retained the services of a lawyer in case that is needed for collection.

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

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

#### H. Situation Analysis: SWOT

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

##### Opportunities:

1. Lack of available financial institutions that Latinos can access to make loans at reasonable interest rate and terms.
2. Deposits insured by the NCUAIDC up to \$100,000.00 per account, which provides more security to members.
3. Only financial institutions in the area run by

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

Treats:

1. Tight regulations of NCUA limits the possibility of diversification of loan portfolio and threatens the survival of the institution.
2. Fear of members of the community who are in DPA or S.S.I. to be prosecuted by the government if they deposit and/or make loans in the credit union.
3. Limitation of serving an unstable community which reduces the ability of lending money and increase the risks.

Strenghts:

1. We have re-gained the community trust and support.
2. We provide credit at lower interest rate and longer re-payment schedule.
3. We provide other services to the members like saving opportunities with return on investment, free cash check services and low-cost money orders up to \$1,000.
4. Members have the opportunity to be referred to other institutions for home improvement grants and other housing services.

Weaknesses:

1. We are limited by staff and economic resources for promotion and general operations.
2. We are a financial institution that still depends on subsidy which is a very unstable situation.
3. We are severely regulated by NCUA for loans and delinquency control.
4. We are not receiving enough income and maybe obligated to increase interest rates and service charges.
5. We cannot provide loan services to the public unless they become members and qualify under the loan policy.



I. Tactic

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

J. FOCUS GROUP: What is your research objective?

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



National Federation of  
Community Development Credit Unions

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59 John Street, 8th Floor  
New York, N.Y. 10038  
(212) 513-7191

*The Capitalization Program*  
*for Community Development Credit Unions*

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*Round One -- 1990*

*Application Forms*



## APPLICATION SUMMARY

### Capitalization Program for CDCUs

Credit Union Borinquen Federal Credit Union

Year Chartered 1974

Contact Person: Socorro Rivera Tel. (215) 425-8119

Mailing Address: 2757 N. 5th Street, 1st Floor Rear, P.O. Box 6834

Philadelphia, PA 19133

Date of this application: 5/24/90

Total deposits requested: \$90,000.00

As of 12/31/89:

Assets:	<u>648,357.53</u>
Loans:	<u>101,236.59</u>
Delinq. Loans (\$)	<u>5,922.51</u>
Members:	<u>1,146</u>

Which neighborhood or community do you serve?

The Puerto Rican/Latino Community of North Central  
Philadelphia

Brief description of your need and proposed uses for deposits:

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

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

Forty percent will be match with members deposits and sixty  
percent with deposit from Latino organizations in the area.

**CAPITALIZATION PROGRAM -- "BASIC APPLICATION"**

Deadline: May 25, 1990

**PART I. BASIC INFORMATION**

Name of Credit Union Borinquen Federal Credit Union

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

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

City Philadelphia State PA Zip 19133

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

Who should we call for further information about this application?

Name Socorro Rivera Title Manager

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

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

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

☐ no, but our application is pending

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

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

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

☒ yes ☐ no ☐ unsure

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

(4) Please provide the following financial information.

	12/31/89	6/30/89	12/31/88	12/31/87
Assets	648,357.53	654,004.48	501,496.26	330,326.49
Member Shares	545,906.06	526,827.18	422,867.75	273,270.35
Non-Member Shares	50,000.00	50,000.00	0	0
Total Loan \$ Outstdg.	101,236.59	91,203.39	69,096.34	54,907.51
Total Loan \$ delinquent	5,922.59	28,178.44	31,600.65	49,434.98

Dividend rate on:

regular shares	4%
share certificates	4%
Number of members	1,000

(5) What is your current dividend period?

☒ annual    ☐ semi-annual    ☐ quarterly    ☐ monthly

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

☐ yes    ☒ no

If yes, explain circumstances: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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

Please circle one:    1    2    **3**    4    5

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

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

## PART II. MATCHING FUNDS

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

SEE ATTACHED

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

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

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

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

\$ 4,000 in individual member shares.

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

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

SEE ATTACHED

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

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

SEE ATTACHED

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

SEE ATTACHED

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

below \$10,000	<u>60</u> %
\$10,000-\$15,000	<u>22</u> %
\$15,000-\$20,000	<u>10</u> %
\$20,000-\$25,000	<u>5</u> %
\$25,000-\$30,000	<u>2</u> %
above \$30,000	<u>1</u> %

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

Black	<u>1</u> %	female <u>60</u> %	male <u>40</u> %
Hispanic	<u>98</u> %		
White	<u>1</u> %	public assist.recip. <u>60</u> %	
Asian-American	<u>0</u> %		
Other	<u>0</u> %	over 60 years of age <u>30</u> %	

## Part II. Matching Funds

- (1) BFCU has been able to fundraise an average of \$50,000.00 annually from the Philadelphia Foundation, PNB, and Fidelity Bank for general operations. Also, we were able to obtain a \$50,000.00 deposit from the City of Philadelphia. Although BFCU has not conducted any coordinated marketing campaign, we are opening approximately 20 new accounts monthly. For the month of May we had one radio talk show and we already have 40 new accounts for the month. The Education Committee will conduct a series of educational and promotional activities during the summer months, through the churches and spanish media to outreach the community.
- (4)
  - a) As it relates to the individual member shares we will conduct a grass roots campaign through the local churches in the community and spanish media(which some already offer free space and/or time).
  - b) For the organizations the board will contact the Boards of other Latino organizations to solicit their deposits. One organization already offered a \$10,000.00 deposit.

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

- (1) BFCU serves the Puerto Rican/Latino Community of North Central Philadelphia, comprise of about 100,000 total population; which about 30% of the latino population are non-English speaker and of BFCU member about 70% are non-English speaker.

Based on the City's most recent reprots this is the most devastated and poorest area of the City. Within the area serve by BFCU there is only one bank left which the majority of the community has no access because of language barriers and red-lining.

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

- (2) For the last ten years our community has suffered from the absence of banking institutions we can access within our boundaries. Most recently, PNB has announced the closing of one of its branches that was located somehow near to the community. There were only two branches of banks somehow near our community boundaries.



(5) Does your credit union now provide special services or programs to any of the following groups?

N/A

☐ senior citizens

☐ recent immigrants

☐ homeless

☐ substance abusers

☐ youth

☐ ex-offenders

☐ women

Other \_\_\_\_\_

☐ disabled/handicapped

Comments:

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

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

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

The credit union has been participating of the Home Improvement Loan Program for low income people funded by HUD through the Office of Housing and Community Development of the City of Philadelphia.

#### PART IV. YOUR CREDIT UNION'S PLANS

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

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

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

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

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

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

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

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

\* Based on actual members not including projected program in this proposal.

\*\* Includes some delinquent loans from previous years, when the credit union had the crisis.

(4) What member services do you plan to add, if any (e.g., share drafts, mortgages, check-cashing, etc.)? What is your timetable?

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

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

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

## **PART V. SUPPORTING DOCUMENTS**

Please enclose copies of the following documents with your application.

- ☒ Semi-Annual Financial and Statistical Report  
(NCUA Form 5300 or post-closing financial and statistical report) for:
  - ☒ Dec. 31, 1989
  - ☒ June 30, 1989
  - ☒ Dec. 31, 1988
- ☒ Your MOST RECENT monthly financial and statistical report.  
It must include loan and delinquency information.
- ☒ Your most recent examiner's report. THIS WILL BE KEPT CONFIDENTIAL!
- ☒ A copy of your charter (indicating your field-of-membership) and your limited-income designation letter from NCUA.
- ☒ Any additional material which you feel will help us to better understand your credit union and your community. This may include brochures, proposals, business plans, newspaper articles, etc.

**THANK YOU FOR YOUR COOPERATION!**

**IF YOU HAVE QUESTIONS ABOUT THE COMPLETION OF THIS FORM,**

**PLEASE CALL US!**

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

# The Philadelphia Inquirer

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## Torn by the tug of two lands

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

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

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

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

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

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

"I know I'm going to see you again."

She is probably right.

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

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

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

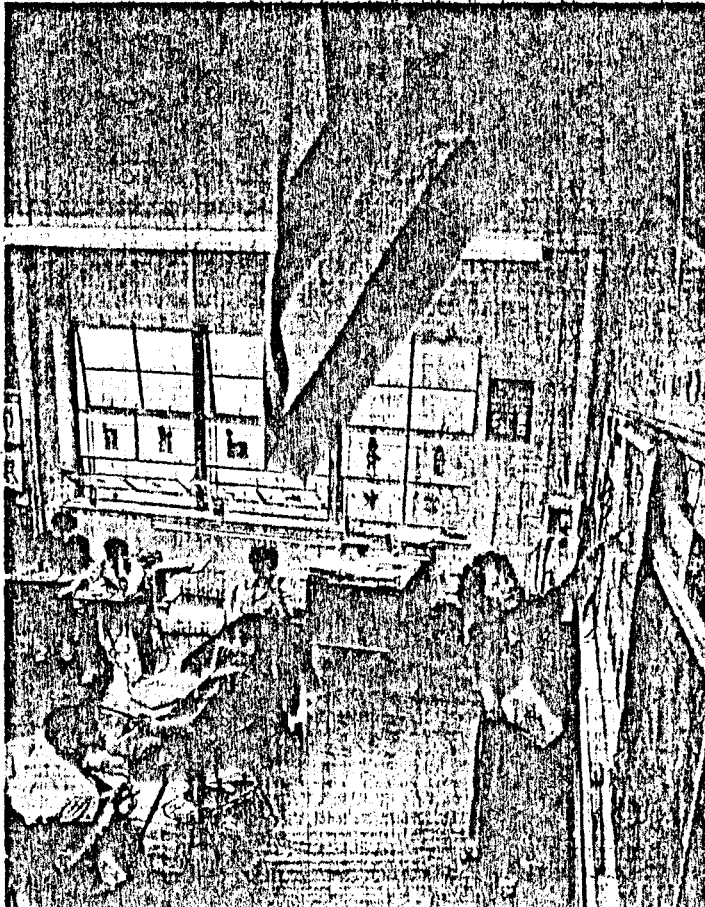
They are stretched between competing forces — the pull of the U.S. mainland, offering hope of wealth, and the tug of a tropical island that offers the comfort of family and home.

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

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

"Back and forth. Back and forth," is how Lillian Escobar-Haskins describes it. Escobar-Haskins, executive director of the Governor's Advisory Commission on Latino Affairs, said that impermanence "plays havoc with schoolchildren."

It plays havoc with life. Health suffers. Preschoolers aren't vac-



Cynthia Alvarez taught in English and Spanish at the city's bilingual magnet school.

### Puerto Ricans: Adrift in two worlds

*Second of two parts*

climated and sick people don't seek treatment because they are intimidated by a medical-care system here that is foreign to them. Political power is lost. Political identification is with Puerto Rico, not city hall; low voter turnout results in no clout.

But the movement of many Puerto Ricans to the mainland has not been all negative. It has

(See LATINO on 6-A)



Angelo Navarro, 15, and parents await flight to San Juan.

limited education and a rural background. For many of these people and their children, the promise of affluence on the mainland has been an empty one.

They face an economy that has shifted from manufacturing to one based on service industries that demands workers with specialized skills.

"When my grandfather came over from Italy and didn't speak any English — within 24 to 48 hours my grandfather had a job in a factory," said Gary Chiliti, executive director of the Hunting Park Community Development Corp. "My father had the same experience. There was an economic assimilation. Now, 50 years later, Puerto Ricans have no

substitute teachers."

The magnet school Navarro attended at the former Thomas Edison High School was created two years ago to teach English and Spanish to students from all over the city. But it was so quickly over-enrolled with students from the neighborhood elementary schools in North Philadelphia that there was no room for students from elsewhere.

"When we opened up, District Five had critical overcrowding," said Jose Lebron, principal of the magnet school. "In our case, we had overcrowding from Day One."

Latinos — 85 to 90 percent of whom are Puerto Ricans — are the fastest growing ethnic group in both the city's public and Catholic schools. Steady northward migration has

Angelo Navarro is not sure how many times his life has shifted between worlds. Perhaps three or five times, he said as he

petite Luna.

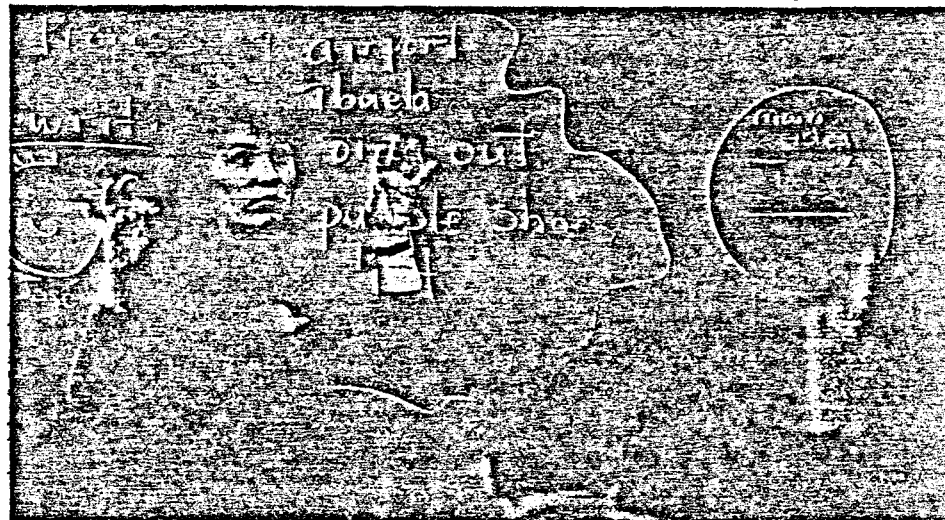
"So he got here and he kept asking them, 'When are you going to get me a job? And so his friend said to get up early and he took him to where these guys were standing on the corner," she said.

"The corner was at Fifth Street and Indiana Avenue, a thriving underground drug stop on the strip known as the Golden Block."

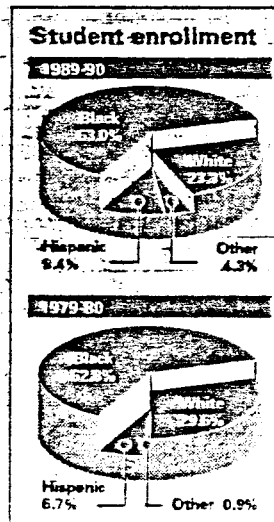
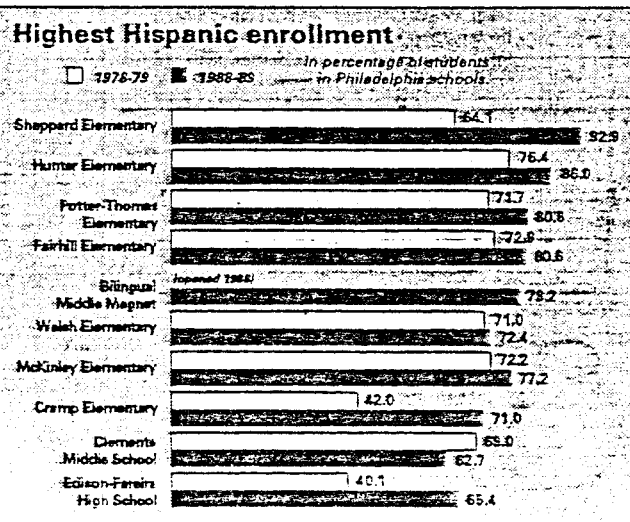
"He said to his friend: 'Where's the factory?'" Luna recalled.

"His friend said: 'This is the factory.'"

Perhaps three or five times, he said as he



Cynthia Alvarez enlivens discussion with her students: "It's very important to me that they have a sense of identity."



the school population to 5.5 percent, or 2,840 students, in just two years.

All of the city's public schools with Latino minorities have economically poor students. And they all have problems. Puerto Ricans have the highest dropout rate in the city.

A recent Philadelphia School District study of one high school class showed that 37 percent of the Latino students quit before graduation, compared with 33.6 percent of blacks, 26.3 percent of whites and 16.3 percent of Asians.

Another study found that 83 percent of the Hispanic students in grades 3, 5 and 8 were in need of remedial instruction in reading, math or both.

A study conducted by Temple University in 1985 concluded that public schools with Latino minorities were worse off than either schools with black minorities or those with white minorities. What's more, according to the report, it appears that the longer Puerto Rican students stay in the public school system, the worse they fare.

The present generation of Hispanics is giving every indication that it is not being adequately prepared for competition for decent jobs and taking advantage of economic opportunities," said the study's authors, who also faulted the school district for not attempting a serious assessment of its English as a second language programs.

The trend continues past high school. From 1982 to 1987, the percentage of Latino college freshmen declined in Pennsylvania community colleges and state universities. In state universities, Latino enrollment dropped by more than half, from 14 percent in 1980 to 6.7 percent in 1987, a Pennsylvania Human Relations Commission study showed.

There are many theories offered to explain the failures. Boredom, depression, lack of encouragement and even fear of crime have been cited for the high dropout rate.

Jeannette Luna, who dropped out of Olney High School at 15 and is now studying for her high school equivalency examination, has a ready explanation.

"In Puerto Rico, schools are so different. There's really an open relationship between teachers and students. I remember I would invite the teacher to my house for dinner. They're really friendly. Even if there are 60 people in a class, they take time to talk to you," she said.

At Olney, she said, she was frustrated because the school kept switching her teachers. "The school was so crowded that when you walked in the halls you bumped into people and you were bunched together like in a concert. The classes are so full you feel like the teacher can't give any attention."

"There were 35 students in a class and I had five classes. The attitude was, 'Look, copy a chapter, and understand it yourself.'"

Neida Perez, an ASPIRA program director for an alternative high school program for Puerto Rican students, said many of the students crave individual attention that is impossible to get in overcrowded schools.

"I think the major reason for dropping out is lack of interest, lack of individual attention. A lot of the kids in our classes of 15 still have a problem with attention," she said. "What happens in an overcrowded school?"

Girls often leave because of pregnancy. Bored, unchallenged and discouraged with school, problem students often are not noticed until they are pregnant, notes a 1984 ASPIRA study of Puerto Rican dropouts in Philadelphia.

For boys, the temptation to quit often comes from the underground drug economy and the kind of quick street profits that made one Edison High School dropout a nightclub owner at 23.

"There is the transience back and forth to

about being poor."

While English can be a problem for children of Spanish-speaking parents, it is not the primary problem, educators say. "The Spanish language is fading in the child generation," said Judith Goodo, a Temple University anthropology professor and principal researcher on a Ford Foundation study of how newcomers to the United States since 1965 are fitting into society.

"The notion of not wanting to lose the language is very strong, yet most people are not hostile to having English capabilities. We didn't find children having great difficulty learning English."

A Penn State study concluded that parents who communicated in both Spanish and English and who placed a high value on education were critical to achievement in school.

Hispanic parents have been blamed for not caring enough about their children's education — most recently by U.S. Education Secretary Laure F. Cavazos, who is of Mexican descent. "We really have not cared that youngsters have dropped out of school. We don't care — either teachers, parents, business community, elected officials."

Goodo debunks the notion of parental indifference.

"Schools stereotype Puerto Rican parents as not interested in their kids' education, but that is not true with a lot of parents," she said. "They are extraordinarily interested. They get notices to come to Home and School Association meetings and they come, even if they don't know what a home and school association is. And the parents at the meetings don't know how to handle them. The Puerto Ricans, no one talks to them. Schools tend to give up on the parents."

Some educators say that proficiency in Spanish is important to the students' sense of self-esteem and ethnic identity.

Alvarez, a special-education teacher at the Bilingual Middle Magnet School, recalls how difficult it was for her to learn English in the public schools by the "sink or swim" approach of being thrust into regular classes. "It shoots your self-esteem to hell," she said. "I suffered all kinds of identity problems. Was I white? Was I black? ... No one reinforced my culture."

In her own classes, Alvarez shifts from Spanish to English like a radio tuning dial. There is a flag of Puerto Rico drooping from the wall and a poster: "Who's the illegal alien? The Pilgrim."

"It's very important to me that they have a sense of identity," said Alvarez, who makes home visits to parents to talk about her students.

A week ago, Alvarez had a final interview with the mother of Angelo Navarro, who was one of three students in her 15-member class who left for Puerto Rico this school year.

The mother asked if her son would pass the eighth grade.

"I said I don't know," Alvarez recalled. "So the mother said she would leave her son one more day. I said, 'Gee, thanks a lot.'"

Ida Rosado sits alone in the lobby of a medical clinic with family finances on her mind.

More than a week ago, she injured her leg while sweeping her front steps. Self-treatments of ice and heat proved fruitless. She walks with pain. Now, Rosado has been forced to do something that's rare in her family: visit a doctor.

Rosado and her family have no medical health insurance, part of a trend in a community that is twice as likely as other groups in the city not to have coverage. Her husband, the sole wage earner of the house, works for a poultry company that does not provide medical benefits.

# Pull of the mainland and ties to the homeland...

LATINO, from 1-A  
led to a blossoming of Latino business and culture here, and the emergence of a resilient middle class.

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

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

One result of the back and forth is that Navarro can now read and write in his second language, English. But he did not attend school when he stayed in Puerto Rico this year, and so now he worries about his future. "It's going to be hard. I don't know how to write Spanish."

Benjamin Ramos knows how hard it is to be caught between two worlds. For him, the movement back and forth to Puerto Rico of his brothers and sisters "has divided our family.... You lose touch with them."

Ramos, 33, a local Puerto Rican health agency official, has lived in Philadelphia 18 years and has seen his family split apart by the pull of the island. He has nine brothers and sisters, all of whom at one time lived here. Now six are here, four are there and their mother divides her time between them. But he knows it could be worse.

"I've seen marriages torn apart, half of the kids over there, half of them over here. Christmas time, the family's not here. Nieces and nephews don't know their uncles and aunts. It's sad. It's a tragedy."

It has hurt his brothers, he said. "The younger ones, in Puerto Rico, they're not stable economically. I told them they are wasting time, not looking at the future, but my brothers don't want to hear it."

Mother's Day is next week, but Ramos' mother won't be here to celebrate with her son. She'll be in Puerto Rico.

The movement sometimes seems casual. But it is not done without some psychological pain, according to Joseph O. Prewitt-Diaz, a Puerto Rican who is an associate professor of education at Pennsylvania State University.

He said that Puerto Ricans often come to the mainland despite family objections. "I have very often been told that my migration was a denial of my race, of who I am, of my country," he said. And for those who fail to prosper here, "You lose face if you go back."

But they do go back — and then usually return here. The promise of mainland affluence "becomes an addiction," he said.

That "addiction" — combined with a high birth rate and the move out of New York by many Puerto Ricans — has led to a significant growth in Philadelphia's Latino community. In the last decade the Latino population here has doubled, to about 150,000, according to estimates by city and state officials.

Chronic unemployment in Puerto Rico is fueling the exodus, which is causing a steady "brain drain" of the island's educated class. Some of those urban professionals have settled in Philadelphia as teachers, doctors or social workers.

But most of the Puerto Ricans who have moved here have come with limited skills, limited education and a rural background.



— Migdalia Rivas paints a mask at the Taller Puertorriqueno, a Latino cultural center. It has nurtured artists, writers, poets, filmmakers and musicians.

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

place to go economically.

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

So Manuel Rodriguez discovered when he came to Philadelphia from Puerto Rico, with three years of college, in search of a factory manager's job.

"His friends told him to come here. He thought he was going to have the world in his hands," recalled his former wife, Jeanette Luna.

Laid down a Roy Rogers hamburger to count on his fingers in the air. At 8, he came here from Puerto Rico, with his parents, who found jobs caring for foster children and washing dishes in a restaurant.

By 15, Navarro was a reluctant student at the Bilingual Middle Magnet School, where he learned about reading, writing, arithmetic — and cutting classes. (One teacher said Navarro rarely attended class last year because he was frustrated with having so many substitute teachers.)

The magnet school Navarro attended at the

strained public schools in Districts Five and Seven, which follow the Fifth Street corridor from North Philadelphia through Olney. There are shortages of teachers, math books, microscopes and science materials.

Today, the city's Latino students are concentrated in a small number of schools in eastern North Philadelphia, the river wards, Olney and the lower Northeast. Sixteen of the city's 244 public schools have Hispanic majorities.

For months, school district officials have been looking for a way to ease overcrowding in these elementary schools. Some students are riding 40 minutes on a bus every day to reach a school with adequate room. School officials are searching for space to rent and hoping that perhaps a vacant Catholic school will become available.

But even in city Catholic schools — where general enrollment is declining — the number of Latino students in elementary grades is on the rise, increasing from 4.4 percent of the school population to 5.5 percent, or 2,840 students, in just two years.

independent of schools. "Also there are all the competing attractions of the urban city: teenage pregnancy and the draw of the underground economy — drugs."

Typically, dropouts are the friends of dropout. Most have few friends who go to college and few friends with good jobs.

The dropout youngster is caught between a family with low aspirations, lack of organization and a discouraging school setting," noted the ASPIRA report.

Ricardo Candelario is one North Philadelphia student who beat the odds; he earned a general equivalency degree and is studying art in a local community college. He can't say the same for others in his class at Olney High School. Most never finished, he said.

"Those guys can't even read," said Candelario. "They don't care. They're in their own little empire. I'm taking a gamble. I may end up with nothing better than a gamble, but maybe I'll achieve something. Nobody tries on this block. They're always complaining about being poor."

While English can be a problem for chil-



# ... are stretching the loyalties of Puerto Ricans

Continued from previous page

In her family, the question of health is often not what ails, but how will the bill be paid.

"Sometimes I will stay home sick and I will not go to a doctor because I can't pay," said Rosado, 41, a mother of two. "I have to wait until my husband brings home the paycheck. By that time, I'm worse or whatever I had went away."

Rosado said she usually takes her 6-year-old daughter to a public-health clinic when the youngster is ill. But the family of four has no private physician and must see whoever is on call, a situation that sometimes discourages her from seeking medical care.

"My daughter had three different doctors for three different appointments," Rosado said. "It makes me feel uncomfortable. You have to start all over again. They don't know you. You have to tell your whole life story over and over again."

Rosado fits the profile of a community whose health is at risk.

In October, the Philadelphia Health Management Corp. released a report, "Health Status and Health Care of Latinos in Philadelphia." What researchers found was a community that was twice as likely as other groups not to have health insurance.

A community with a higher incidence of preschoolers not immunized against childhood diseases.

A community more likely than others to contract diseases that are preventable.

About 65 percent of those in the study said someone spoke Spanish where they received health care, but three of four times it was a nurse or a receptionist — not a doctor.

And the problems crossed age barriers. Nearly 70 percent of the Puerto Ricans over age 64 in the study reported that their health was only "fair to poor," compared with 38 percent of the general population.

Those responses dovetail with the results of a nationwide study that found that Hispanic elderly are poorer and report more health problems than other groups. The study, released in September by The Commonwealth Fund Commission on Elderly People Living Alone, found that elderly Puerto Ricans report more health problems than either Mexicans or Cuban-Americans.

In her private practice and as a physician at Girard Medical Center, Dr. Norma I. Rivera sees many cases involving drug and alcohol abuse. (While Puerto Ricans make up a little less than 10 percent of the city's population, they account for 25 percent of all those on probation for drug offenses.)

Her patients suffer from hypertension and diabetes, from asthma and respiratory conditions, from adolescent pregnancies.

But depression is what Rivera sees most among her Puerto Rican patients.

"It's totally ignored, but it's probably the worst problem we have in the community," she said, adding that 70 percent of her patients suffer from significant depression. "They feel hopeless," she said.

That hopelessness is compounded by the language problems that remain a major obstacle to their seeking medical care, according to Rivera and Berrie Joubert, head of the Puerto Rican Family Institute for Congress



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

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



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

The clinic in North Philadelphia, which abandoned its Center City quarters, has patrols and anti-graffiti efforts. They have also

Americanos have nearly doubled, said Jessie Bermudez, its president.

"Dances that were happening once a month five years ago are now happening three times a month," he said. "This is the largest salsa community on the mainland outside of New York."

Last fall, the Taller Puertorriqueño, a Latino cultural center, hosted a festival that drew crowds of people who spilled into the street to listen to the throbbing beat of a salsa band. Irizarry, Taller executive director, said he was approached by newcomers from New York and Puerto Rico who congratulated him on the thriving Puerto Rican culture.

"They're really happy that the community is alive," he said.

Irizarry said that he sees more and more people — many of them newly arrived New Yorkers — attending Latino cultural events in Philadelphia. There are also more children participating in Taller's programs who speak mostly Spanish — the sign of the newly arrived.

"In many ways, Taller Puertorriqueño is an organization that has grown up and matured with the Puerto Rican community," said Irizarry.

At 15, Taller is the city's oldest Puerto Rican cultural institution. Local leaders



struggle to their seeking medical care, according to Rivera and Boris Joubert, head of the Puerto Rican Family Institute for Congress de Latinos Unidos, a local social services agency.

"They wait until the last minute to get medical attention, not because they don't care, but because it's very difficult to get necessary help," said Joubert. "If it's not something acute, they just let it go, take over-the-counter remedies to try to ease the pain."

Rivera believes that using translators in the examining room does not work and that more Spanish-speaking doctors are needed.

"There is significant information that a patient will not give to you (a doctor) using a translator, especially if (the translator) is a daughter or a neighbor or a friend. . . . Is she going to tell you that she's having an affair with somebody?" Rivera asked.

Janel Sy has been a physician in North Philadelphia, but she is new at Girard. Sy is learning Spanish, but not quickly enough. She once advised a man suffering from constipation to eat fresh prostitutes, rather than fresh fruits.

"The man looked at me and laughed, and I said, 'What'd I say?' He said, no, no, *frutas* [fruit], not *putas* [whores]," Sy said.

Culture is another barrier: Puerto Rican patients often find the professionalism of physicians here cold and distant. Sex and sex education are subjects not to be discussed in the home, let alone the doctor's office.

Other cultural taboos, such as not uncovering breasts, even to a doctor, or discussing vaginal discharge, even with a doctor, are seen as a reason that Puerto Rican women have a higher incidence of death due to cancer, according to Dr. Carl Mansfield, local American Cancer Society president, who also blames their high cancer rate on poverty.

Those taboos have also played a part in the rapid spread of AIDS in a community that traditionally has frowned on the use of condoms because it raises questions about fidelity, said Jose J. Stable, a physician and manager of Congress's HIV counseling and testing center.

The disease is spreading faster among Puerto Ricans than in any group except homosexuals, he said. In Philadelphia, at least 117 Latinos have AIDS, Stable said, and he estimates that 4,580 more are infected. Stable blamed the high incidence on the increasing use of crack cocaine and hypersexuality resulting from the drug use.

Health experts say it is important for medical professionals and hospitals to better meet the needs and understand the culture of the growing Latino community.

"You tell authority what you think they want to hear, so you don't tell them the ugly truth," said Carolyn Klaus, director of Esperanza Health Center in North Philadelphia. "It's not that they lie. They just show respect."

Hospitals must rethink policies that clash with Latino values, said Jane Delgado, president of the National Coalition of Hispanic Health and Human Services Organizations.

"If you say you can only have one visitor at a time, that's a problem," she said. "We're not used to visiting by ones. You have *el primo, la comadre* . . . the whole family."

She also called for "more bilingual professionals. . . . People are more apt to respond well to people who are like them."

Hospitals are beginning to respond — by creating language banks and using employees who speak Spanish as interpreters. Signs in some facilities are bilingual. Some have sponsored health fairs in the Puerto Rican community.

Attracting physicians to work in poverty-stricken areas is another hurdle. At Maria de los Angeles Clinic, four of the 10 doctors left in 1989 because they were harassed, said Vélchez.

The clinic in North Philadelphia, which serves a predominantly Puerto Rican clientele, opened in 1985 but could not afford to hire its first full-time obstetrician-gynecologist until last November. There are no nurses at the clinic, which treats as many as 1,700 patients a month.

Delgado said that good health is more than just providing doctors and nurses. It is also a matter of educating Puerto Ricans about how to take better care of themselves.

Francisco Miralbes, manager of the clinic, agrees. He said that as many as 45 percent of the patients miss their appointments. "The cousin can't take them, they have to go to DPW [the Department of Public Welfare] or they just don't want to come."

"We have to empower ourselves," Delgado said. "It's a question of values. How do you impart values to people so they can take care of themselves? If health care is anything, it's a value system."

Five years ago, the United States, the land of promise, seemed bleak and frightening for Arnaldo Vilchez.

He had labored 25 years in the knitting mill that now stands empty on Fifth Street, its black wrought-iron fence twisted and vandalized. When Sediment's Sons Inc. closed, Vilchez decided he was too old to search for a new boss. So he became his own, opening a small greeting-card shop across the street from the old mill.

"I was afraid," Vilchez recalled. "Was it going to work? When I first started, it was so slow that I had a guitar and I spent the day singing and practicing."

Now the guitar is silent. Vilchez and his wife, who works alongside him, are too busy serving customers clustered by the jewelry display case and shelves of Spanish greeting cards.

In the short span of five years, Vilchez, 58, has watched the transformation of the cramped Hunting Park business district of two-story rowhouses edging Fifth Street to Roosevelt Boulevard.

Elderly Jewish and German merchants sold their shops or died. Some closed their businesses and retreated to their buildings' top floor to live. Many of the new merchants were Colombian, Cuban and Puerto Rican.

"This was a transition of people moving out and Hispanics moving in," said Vilchez. "People were coming into the store . . . from Olney. People were coming from the other side of Fifth Street. I could sense the neighborhood was growing. I knew for sure we were going to succeed."

In the short history of the Puerto Rican community in Philadelphia, the Fifth Street corridor or *El Bloque de Oro* — the golden block — has traditionally been its vibrant commercial core. The heart of that business strip is concentrated in North Philadelphia and Fairhill near Lehigh Avenue. But in recent years, Latino merchants have edged north up Fifth Street toward Roosevelt Boulevard and beyond into Olney.

The pace of change is quick in this urban village. The hardware store was sold recently to a Puerto Rican buyer. Two new beauty salons owned by Puerto Ricans are competing for business in newly remodeled quarters. To an old dry-cleaning shop Ismael "Mayo" Rodriguez moved his chair and striped barber pole after shearing heads on Seventh Street for 35 years.

The number of restaurants has also grown with the community. On Saturday nights, El Kibuk restaurant serves the Cuban pork dish *ropa vieja* and the pop songs of an elegantly dressed younger singer, whose face is washed with the red lipstick of a mirrored ball.

## Dr. Norma I. Rivera examines Felicitá Montes at Girard Medical Center.

abandoned its Center City quarters, has moved to a location on Fifth and Wyoming that had been occupied by an Uruguayan restaurant. At Oasis Pizzeria, which opened more than two years ago, the Greek-Puerto Rican owners fill orders for pepperoni pizza in singsong Spanish.

In all, there are more than 100 businesses in the new section, according to Gary Chirini, head of the Hunting Park Community Development Corp. Eighty percent of those businesses are owned by Latinos and there are just two vacancies, he said.

At the southern end of the strip near Lehigh, there is an association of 75 businesses — most owned by Hispanics — and the vacancies have dwindled from a high of 20 in 1985 to four.

"My vision is to make it a cultural attraction, sort of in the mode of Chinatown," said Miguel Garcia, a business analyst for HACE — The Hispanic Association of Contractors and Enterprises. "Our next phase is to market the strip to outsiders. But right now, this area is fighting a drug image. . . . At 7 o'clock, the merchants go home. We need a police presence."

Along the strip, merchants struggle with a list of complaints: aggressive graffiti vandals, aggressive parking meter attendants and poor city services.

A new district service team was begun last year by the city to work with neighborhood and business groups in eastern North Philadelphia.

"There's a major change taking place in the city," said Demaher J. Molina, assistant city managing director, talking about the movement of the Puerto Rican population. He said that there had been discussion about opening a municipal services center in the community.

To gain the ear of city officials, Vilchez and the merchants along the strip formed the Fifth and Boulevard Business Association three years ago. Vilchez, now president and others have organized to increase police pa-

trois and anti-graffiti efforts. They have also produced a directory of area businesses.

As the years have passed, Vilchez's shop has matured from selling Spanish greeting cards into A & J Discount Jewelry, a jewelry store offering gold and watch repairs. From the window, Vilchez still has a clear view of the mill where he once worked.

Inside, workmen are remodeling the 95,000-square foot mill for its eventual opening as the International Plaza, a mini-mall of discount stores offering cut-price products and international culture. Arturo Suarez, a Colombian businessman and a well-known local entertainer, and his son are the developers.

"It's oriented to Hispanics, but we want people from other areas. . . . We are hoping to get people from West Philadelphia, Northeast Philadelphia — people that shop discount markets," Suarez said. "We want to have a variety of stores and a variety of races to have a more international flavor."

When Johnny Irizarry came to Philadelphia from Harlem 10 years ago, culture in the Puerto Rican community amounted to the annual community parade and an occasional dance. Not much was happening.

Ten years later, Irizarry has many choices. Should he go to the Argentine restaurant, the Brazilian film festival or the Puerto Rican art exhibit? Or maybe just stay home and read *Desde Este Lado* (From This Side), the new Latino literary magazine.

But what about the hot new salsa band? And what did the latest edition of *Pulso* Latino, with its calendar of cultural events, recommend?

There is more to recommend and there are more Puerto Ricans to recommend to. As the Latino community has grown in the last decade, so have the cultural choices available to the community.

In Philadelphia, salsa music is not just surviving, it's booming. Since 1982, the membership of *Asociación de Música Latina*

with the Puerto Rican community," said Irizarry.

At 15, Taller is the city's oldest Puerto Rican cultural institution. Local leaders credit the workshop with nurturing an active community of artists, photographers, writers, poets, filmmakers, quiltmakers and musicians. Some of its artists have wandered off to start new institutions of their own.

Luis Hernandez, the editor of a new Latino arts and culture newsletter, works at Taller. Filmmaker Frances Negron-Mulaner was also drawn to Taller's circle and exhibited some of her photographs there.

"There's been kind of an accumulation of experience and knowledge and know-how," she said of Taller. The workshop's style is eclectic, a mix of amateur art, homegrown talent and professional displays.

"Images of the Puerto Rican Presence in the Delaware Valley," shot by 13 professional photographers, was a recent exhibit at the Taller. Alongside those works were the snapshots of a community album: portraits of a grim-faced bride, a child's first Communion, a couple posing in front of the Art Museum.

Those snapshots and plaintive essays say much about the Puerto Rican experience in Philadelphia.

Albert Laboy, a 13-year-old student and newcomer from Puerto Rico, penned one of the essays: "I am forced to be inside all the time [because] you can't leave your home because of the drugs. If you go out, you can be shot. I can only go from my room to the yard. I hate being locked up."

Editor Luis Hernandez, in the 1989 inaugural issue of *Pulso Latino*, wrote of another need. One of the soul.

"There is a need for culture, even in the poor Puerto Rican community. . . . We need for our survival the street fair as much as the classical music concert; the salsa dance together with ballet; the lyrics of bolero as well as the poetic voice of Cornejo or Neruda."

"The street is hard," wrote Luis Hernandez. "We keep trying our best to soften the asphalt."



# ... but what many have found here falls short

Continued from previous page  
ror. Being here was the goal.

But for Puerto Ricans, the goal isn't here; it's a job here.

Few came with the intent to stay. Some go back when it's cold. Some go back when their pockets are full. Some go back when they're tired of being singled out as different.

"No one wants to be a minority," said Benjamin Ramos, an official of Asociación Puertorriqueños en Marcha, a health services agency.

What makes Puerto Ricans different from most immigrants is that they're already U.S. citizens. They don't have to make a commitment when they come; they can go back.

The mentality of the Puerto Rican is such that there never is a decision to migrate. It's always, "I'm going to look for a better situation," said Prewitt-Diaz of Penn State.

That airborne movement back and forth to Puerto Rico erodes the cohesiveness of the community here, reduces its political influence and weakens children's educational performance, educators say.

"Home never becomes the mainland, home becomes the island. The indecisiveness of the parents (about their identity and loyalties) affects the desire to perform of the kids. It also affects the way people do perform," Prewitt-Diaz said.

"It is a problem working with schoolchildren who are so mobile—school here three months, then school in Puerto Rico," said Escobar-Haskins. The result is some elementary students who don't know their grammar and spelling in either Spanish or English.

For poorer or lower-class Puerto Ricans, disrupting their children's schooling to go back to the island is no big thing "because they never learned that school is a road to opportunity," said Judith Goode, a Temple University anthropology professor who has studied how Latino newcomers are faring.

However, her study found that among middle- and upper-class Puerto Ricans, the trips to the island came during school vacations and did not affect children's performance. It is "not a Puerto Rican phenomenon, but a class phenomenon," she said.

Lack of a permanent commitment has adverse effects on parents, as well as children, some researchers say.

"It has to do with a sense of what it means to be an immigrant, this knowledge that one is really cutting ties with one's past and is deciding to make a choice," said Linda Chavez, a Mexican-American and conservative Republican who served in the Reagan administration. "Breaking ties involves investing in a country and in a new future. Immigrants need to be risk-takers."

"But it's not really the same for Puerto Ricans. They're already U.S. citizens ... It doesn't take as much motivation," she said.

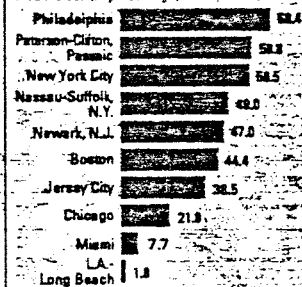
Chavez believes there are two other key reasons why Puerto Ricans have fared worse than other Spanish-speaking groups: a lower participation in the labor force and a high rate of welfare dependency.

Citing 1980 census data, she said that 88 percent of Mexican-born men were in the labor force, compared with 74 percent of Puerto Rican men.

"Why is it that Mexicans have lower education and a higher labor participation rate

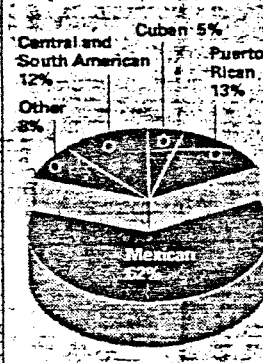
## Percentage of Latino population that is Puerto Rican

Metro areas (in percentage)



SOURCE: 1980 U.S. Census. The Philadelphia Inquirer / R.F. BAKER

## Hispanics in the nation



SOURCE: 1980 Census Bureau. The Philadelphia Inquirer / R.F. BAKER

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

need you anymore, so fend for yourself."

As a group, Puerto Ricans are a mix of peoples — African, Indian, Spanish.

There are Puerto Ricans who speak flawless English and live on the Main Line. There are Puerto Ricans who speak flawless Spanish and drive cars emblazoned with red, white and blue island flags. And there are people born here who have never glimpsed a palm tree but who still consider themselves Puertorriqueños.

"I'm Puerto Rican," said Gilberto Gonzalez, a graphic artist and photographer who was born in Philadelphia and grew up in Spring Garden. But when Gonzalez traveled to the island to visit relatives, his clothes and style marked him an American.

"Are you a New Yorker?" he was asked. "No, I'm from Philadelphia."

"Obhhh, a Philly Rican!" On the island, race is less of an issue than it is here, Puerto Ricans say. While skin color varies, it does not mark someone as a minority. But on the mainland, a Puerto Rican immediately becomes a person of color — and a minority.

Temple student Lozada blames "la mancha de piamano" — the stain of color — for the prejudice she says Puerto Ricans encounter. Sometimes, those racial attitudes begin to affect Puerto Ricans' views of themselves.

Jose Manuel Navarro, an assistant professor of history at Seton Hall University who grew up in Spring Garden, said race became

off "Other" — not "White," "Black" was a distant third, according to an analysis by the Chicago-based Midwest-Northeast Water Registration Education Project.

"A whole lot of Hispanics see themselves as non-white. They're not thinking of race when they say that. They just see themselves as powerless," said Goode, the Temple professor. "They don't identify with blacks, necessarily. They just see themselves as 'other.'"

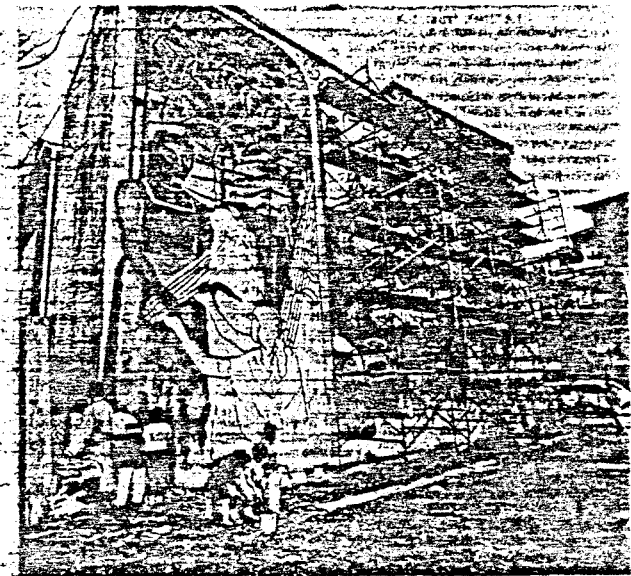
"I don't think Puerto Ricans are ever going to become just Anglos," Micheaux said. "They look different. They talk different. I think their best bet is to fit in as Puerto Ricans, to build on that identity without having to assimilate."

Historically, Puerto Ricans have resisted assimilation, clinging to their culture and language. On the island, they resisted cultural domination by the colonial rulers, first Spain and then the United States.

From the early 1900s to 1952, the United States government in Puerto Rico prohibited the teaching of Puerto Rican history and culture and banned Spanish in the classroom. But neither the language nor the culture died.

Puerto Rico was annexed by the United States after the Spanish-American War of 1898. Today, it is a commonwealth. Its residents are American citizens but have no voting representation in Congress. On the island, they cannot vote in presidential elections, although they do vote in primaries.

The internal controversy about remaining



Spring Garden children work on a mural at 17th and Wallace Streets.

migrant workers who came to pick New Jersey's tomato and blueberry crops.

With U.S. citizenship, any Puerto Rican could enter the country, unlike typical immigrants who had to have more resources to undertake such a move. "A lot of people coming were really very poor," said Falcon. "It was much more similar to the black experience of moving from the South."

The stream of workers became a gush in the 1950s with the opening of two direct airline flights from San Juan to Philadelphia. From a population of 1,910 in 1950, the Puerto Rican community swelled to 14,424 in 1960. It almost doubled in the next decade, to 26,702, and almost doubled again during the 1970s, to 47,000, according to census figures. (Puerto Ricans make up 65 percent of Philadelphia's Hispanic population, according to a 1985 Temple University study.)

That growth was prompted by a swell of people leaving the island for economic reasons. By 1980, more than 40 percent of Puerto Ricans lived on the mainland. The Puerto Rican government estimates that five times as many people left in the 1980s as in the previous decade, when about 57,000 left.

White, the former managing director, said the Hispanic community — not just Puerto Ricans — here now numbers between 150,000 and 200,000, "conservatively." Escobar-Haskins of the state Latino commission agrees.

Census officials believe that figure is vastly inflated, even though they concede their own count is probably low. They counted

ruled that Acosta could not be on the May 15 primary ballot because he lacked the needed number of valid signatures on his nominating petitions. He is appealing the ruling.

Ortiz said the loss of Acosta would be "a step backward for us."

Earlier, Acosta had described his job as "a sign of achievement and a sign of loss." The Puerto Rican community now has "a piece of the political pie," he said. But the firebrand who led sit-ins in the 1970s said he was tired of fighting the bureaucracy and is frustrated that he can't "lead the crusades of old."

Before he became a Council member in 1984, Ortiz said, he thought government could change things rapidly. The fact that it — and he — cannot "frustrates me quickly," he said. Outside government, that frustration can be "vented out. Inside, you can't do that."

Ortiz has had some successes: one of them being the increase in Class 500 grants that fund cultural programs and community groups. In 1988, Latino organizations received about \$500,000 of the \$10 million in Council grants. Before Ortiz became a Council member, the community received less than 10 percent of that figure, he said. But now, such grants have been eliminated from Mayor Goode's proposed budget.

There are other signs of the community's lack of political clout.

The school district employs 30,000 people, but only 476, or 1.6 percent, are Latino. Four percent of those 476 are administrators. Anares Perez, commissioner of public work-



The Philadelphia Inquirer / RON CORTES

The Rev. Nelson Perez (center), whose church is in the changing Crescentville neighborhood, says a home Mass, accompanied by clapping and guitar.

# Seeking the good life, finding it elusive

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

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

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

Rooms are freshly painted. There are new carpets and plump, flowered sofas, a framed photo of a wedding kiss on the wall. Inside, the young housewife tends her son and daughter while her husband works at a sweater mill.

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

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

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

For thousands of other Puerto Ricans

## Puerto Ricans: Adrift in two worlds

*First of two parts*

coming from San Juan — and, for that matter, from New York — it is the dream achievable.

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

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

But daydreams at 30,000 feet of a golden future sometimes crash hard on the cracked streets of Philadelphia. Even as

some Puerto Ricans here are thriving, many become disillusioned fast — struggling with low-paying jobs, inadequate schooling and deteriorating neighborhoods.

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

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

From a small settlement in Spring Garden, the Puerto Rican community has grown and fanned out northward, planting

(See LATINO on 14-A)



projected that the Puerto Rican little league.

That is the up side. But there is a down side, as well.

Many of the migrants come from poor, rural areas where they had limited education. Locally, Hispanics have the highest school drop-out rate and the lowest test scores of any ethnic group.

They are twice as likely as any other group not to have health insurance or immunized pre-schoolers. Twenty-five percent of all those on probation for drug offenses in 1989 in Philadelphia were Latino males.

Schools in some predominantly Puerto Rican districts are severely overcrowded, with shortages of textbooks, science equipment and Spanish-speaking teachers.

And in some neighborhoods, there has been open hostility to the newcomers. Some longtime residents of ethnic white communities have watched angrily as their neighborhoods change.

"Change is difficult," said the Rev. Nelson Perez, a Catholic priest whose church lies in the changing neighborhood of Crescentville. "I'm very aware of the fact that some people have been living here for 40, 50, 60 years and all of a sudden their home is changing. ... That causes tension. I understand ..."

Latino leaders complain that their neighborhoods are deprived of such basic city services as trash collection and that they are virtually ignored by City Hall. Last week, the city's Human Relations Commission began hearings on the Latinos' complaints.

"Most of the negative statistics in the city — abandoned cars, abandoned houses [are in the areas where Puerto Ricans live]," former Managing Director James S. White said in an interview. "There is a widespread belief [among Latinos] that the city has abandoned them. That has not happened, but we ought not to be surprised that they feel that way."

For these reasons, and others, some say that ethnic pride and self-esteem do not come easily for Puerto Ricans in Philadelphia.

"It's difficult to be proud," said Frances Negron-Mutaner, a Puerto Rican filmmaker here for four years. "What is the culture of the Puerto Rican in this city? The one that sells drugs, the one that gets killed? That's the image in this city. It's not easy to be proud of that."

Some blame the media for that portrait. "We are seldom portrayed in positive images," said Berta Joubert, a psychiatrist from Ponce, Puerto Rico, who moved here in 1981. "Accomplishments that Puerto Ricans make are never publicized. Everything is the junkies at Eighth and Butler."

Flying into the city, Maribel Lozada "asked if I was glad to be here. I was glad to be here."

## Visiting Puerto Rico, Gilberto Gonzalez was asked, "Are you a New Yorican?" "No, I'm from Philadelphia." "Ohhh, a Philly Rican!"

ing and a place where there were opportunities for everyone. I got to Philadelphia. I was cold. There wasn't any heat in my house. And I was horrified at the neighborhood. There was a factory in front of my house," Lozada, a Temple University student, wrote in an essay about life here.

"I used to look at the wall, think about Puerto Rico and cry. I thought: 'Man, this place is ugly as hell. Is this the place where Puerto Ricans come to live?'"

It is not just the physical shock. Suddenly race becomes an issue, often for the first time. The Latin warmth Puerto Ricans are used to is not part of life in the city.

Yolanda Maldonado, 30, has been here four years. She lives in a recently purchased \$25,000 rowhouse in Feltonville and yearns for Puerto Rico.

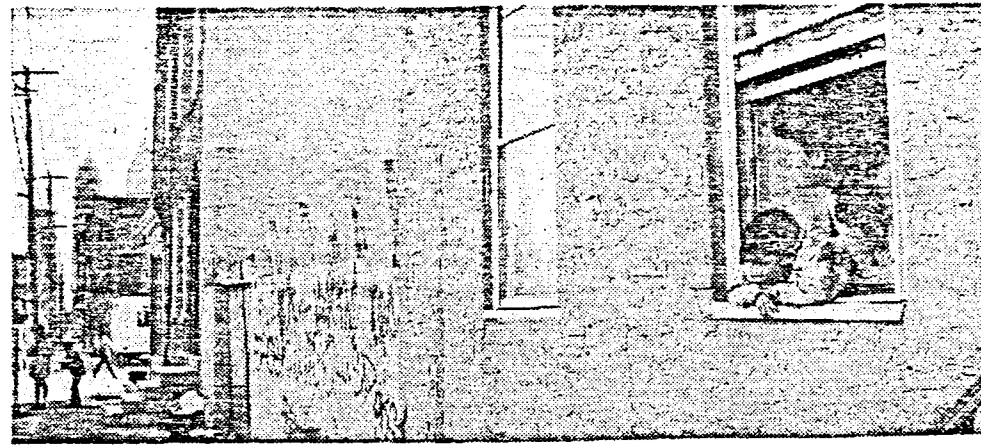
Her husband, Jose, 36, still misses the camaraderie of Spring Garden, the gentrifying neighborhood where he grew up but can no longer afford to live.

When they bought their house on B Street in July, the Maldonados were welcomed by neighbors who are Italian, Arab, Korean, South American and Puerto Rican.

"We were looking for a better atmosphere for the family," Jose said in Spanish. "We moved to improve our life. My family was growing. We had only a little room in the Spring Garden apartment."

Jose Maldonado was a boy when his mother moved to Philadelphia with her four sons and two daughters. "It was very difficult," he remembered. "All of us had to help her. ... We had to work in the country."

For five or six summers, the family traveled six days a week by bus at 4 a.m. to pick blueberries and tomatoes in New Jersey. The family could fast turn any day, a



The Philadelphia Inquirer / RON CORTES

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

of money then, he said. Sunday was reserved for church at the historic Milagros Catholic Church, which was started by Spaniards in Spring Garden in the late 1800s.

Spring Garden teemed with Puerto Ricans when Jose was growing up. In the late 1970s, the rhythm and values of life started to change: "The people were different in the past. Before, the people were more respectful. The young were different in questions of work. Today the young don't want to struggle."

He remains wistful about the old neighborhood. "I miss the friendships, the friendships of the church, the friendships of being so close to someone they were like family."

Do they want to return to Puerto Rico? "Cada dia [every day]," said Yolanda, who so disliked Philadelphia she wanted to turn back after arriving at the airport. "It would please me very much to go back," she said, turning to look at her husband's reaction.

"What we have is a tie to the land there," he said. But he was recently promoted at the sweater factory, and he is keenly aware that many do not work in Puerto Rico. For now, it is better to remain here. He wants his children to attend the university. He never did. "That's why we keep struggling."

Juan Feliciano, his wife and three children came to Philadelphia from Puerto Rico in November, bypassing New York City, where he had once lived. The high cost of living was one reason, but violence was another.

"Philadelphia is more relaxed. In New York, there is always a war at any corner you find. People will fight for any little thing."

Feliciano said he witnessed a drug addict fatally stab someone he tried to rob "because he only had a penny in his pocket. I won't raise my family in a place like this."

Jeannette Marquez, 33, moved here from the Bronx a year ago in search of affordable housing. "I decided to come because it's better for my family. It's more quiet. New York is too wild," she said.

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

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

Frances Negron-Mutaner and her roommate, Alba Martinez, bought a \$38,000 three-bedroom house in Olney last August on a block blooming with gardens and children.

Negron-Mutaner said she suspects that some of her white neighbors may resent "upwardly mobile Hispanics and blacks" because there was little interaction with them.

Overall, however, she said she is satisfied. She promotes the neighborhood: "People would ask us what's it like and we would say it's great. Ethnically mixed. The racial tension is low. It's like discovering a new land."

Elsewhere, others describe racial harassment and attempts at intimidation.

In October, Madeline Bohannon, who is white, watched in horror as white youths in Kensington taunted her two dark-skinned Hispanic children and struck her in the face.

"They said, 'Spic, get out of this neighborhood. This is a white neighborhood.' They spit on me," Bohannon said the experience so unnerved her that she could not sleep and her children had nightmares.

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

A 15-year-old North Philadelphia school boy named Angelo Navarro was assigned to write an essay about the life of a Puerto Rican in Philadelphia. His response:

"How I feel in Philadelphia? Not that good, because some white kids are racist and if you walk to their place, they get some guns and get some glass and chase us."

Similar incidents have happened to Puerto Ricans in communities across the state, said Escobar-Haskins of the Governor's Commission on Latino Affairs. The growth and movement of one community has squeezed the people of another, who have limited resources and cannot afford to move.

"They see so-called foreigners, many of them loud and outsiders. You're going to see negative reactions," said Emanuel Ortiz of East Oak Lane, who is executive director of ASPIRA, a Puerto Rican education group.

"There is suspicion if you see a Puerto Rican coming into the neighborhood. 'He has to be involved with drugs.' When I moved into my neighborhood, people had suspicions about how I could afford a house. They asked very pointed questions," Ortiz said.

Last year, racially motivated violence flared in some of these changing neighborhoods. The killings of two youths — one white, one Puerto Rican — raised tensions.

One was the death of Sean Daily, 17, a white Port Richmond resident who police said was beaten and shot by a group of Puerto Rican teenagers. The other was the killing of Stephen Crespo, 15, a Puerto Rican from Feltonville who was hit with a lug wrench thrown by a white man chasing him in the belief he was stealing hubcaps, according to police. The assailant was eventually convicted of involuntary manslaughter, but Latinos complained that authorities were slow to bring charges.

In the heat of the controversy that followed, a number of anxious white Feltonville residents talked about selling their homes. There were angry voices.

It was at that point that the Human Relations Commission decided to conduct the hearings that are now under way.

While other groups "fight to keep what they have," State Rep. Ralph Acosta of Philadelphia said, his community struggles, "fighting for education, fighting against drugs, against trash."

Millions of immigrants this century crossed the ocean to America, many of them fleeing religious intolerance or political terror.

# Latinos come here in sea

**LATINO**, from 1-A  
tender new roots in such middle-class neighborhoods as Olney and Juniata Park.

"They've gone to Ludlow, Hunting Park, north of Spring Garden into Feltonville, into the alphabet," said Councilman Angel L. Ortiz, a Puerto Rican who lives in Spring Garden.

Once, few Puerto Ricans strayed west of Front Street in Kensington. Today, many own homes there. Many also live in the city's poorest sections and struggle to protect their young from crack cocaine, teenage pregnancy and crushing poverty.

The rapid growth in the 1980s stems from a mix of newcomers — airborne migrants from the island, disgruntled "New Yorkers" and a high birth rate among Latinos already here. Friends and relatives have followed, in a daisy chain of migration.

Historically, Puerto Ricans migrated to New York City. But for many today, New York has lost its allure.

"People don't go to New York anymore. . . . They don't go to New York because of the crime wave. . . . Everyone knows the barrio in New York is purgatory," said Joseph O. Prewitt-Diaz, a Puerto Rican who is a consultant on migrant education to the Pennsylvania Department of Education.

Instead, Puerto Ricans are now going to Massachusetts, Florida, Texas, Hawaii, Connecticut — and Pennsylvania.

"I would rank Philadelphia number one," said Prewitt-Diaz, an associate professor of education at Pennsylvania State University. "There are four airlines flying to Puerto Rico out of Philadelphia."

They are drawn here by the availability of jobs, affordable housing, a sizable Latino community and the closeness to San Juan — just a 3½-hour flight and a \$207 ticket away.

"You can still buy a home here for under \$30,000. As bad as the problems are in the city, Philadelphia still represents a desirable change over New York," said Andrew Compagnola, a Hunting Park funeral director whose clients are primarily Puerto Rican.

Lillian Escobar-Haskins, executive director of the Governor's Advisory Commission on Latino Affairs, estimates that there are 300,000 Latinos in Pennsylvania, about twice as many as in 1980. Nine of 10 are Puerto Rican, she said; about half of the state's Latinos live in Philadelphia. (Latin Americans generally prefer *Latino* to *Hispanic*, a term governments use.)

Latinos also are settling in the smaller cities of York, Bethlehem, Easton, Reading and Lancaster, Escobar-Haskins said.

The increase here is just part of a larger migration: In the last decade, the number of Puerto Ricans on the mainland has grown 24 percent, to 2.5 million — more than three-fourths of the island's current population.

Basic changes in the island's agricultural economy have produced large numbers of displaced and surplus workers, who have been forced to migrate elsewhere for jobs. By 1980, more than 40 percent of Puerto Ricans lived outside the island. As U.S. citizens, they are free to move back and forth.

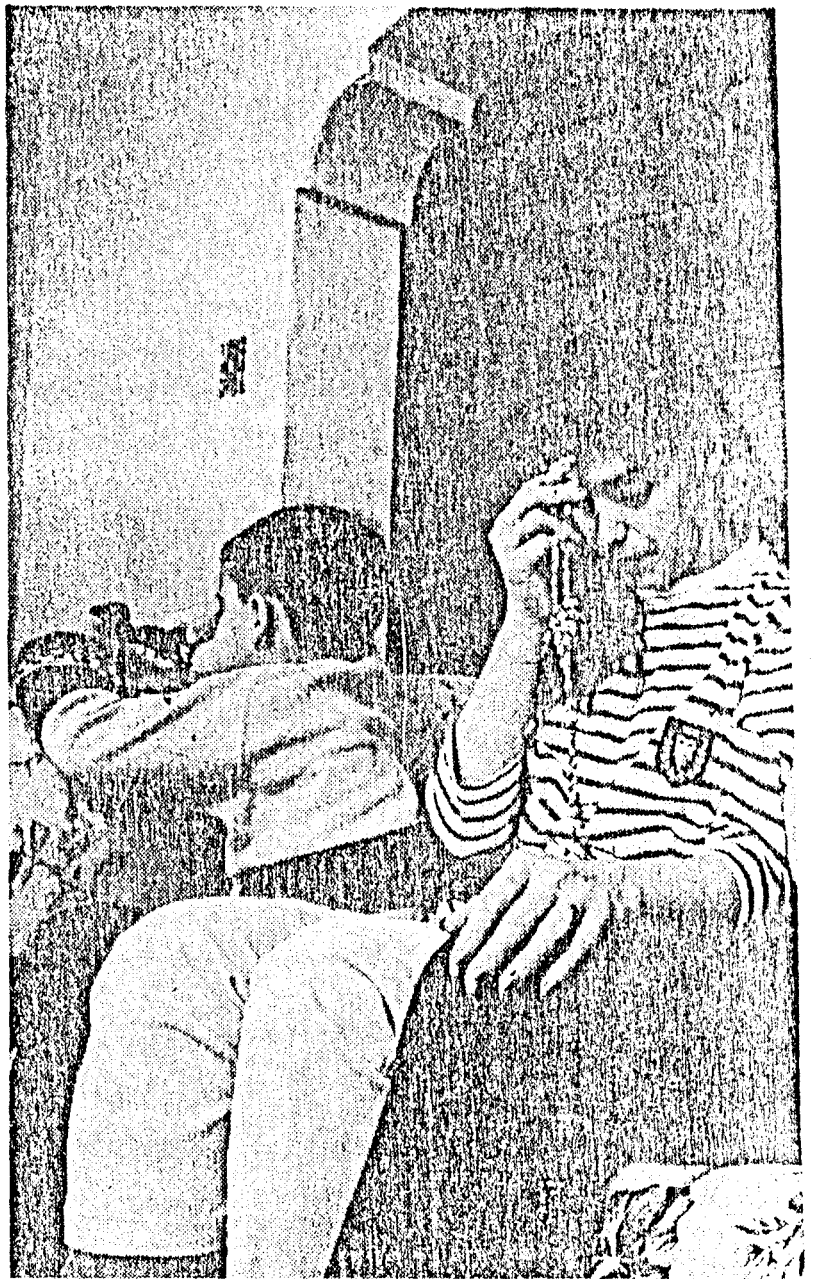
In Philadelphia, the rising numbers have nurtured a lively Spanish culture that was not visible here 10 years ago — from salsa aerobics to a new bilingual journal of poetry, from street festivals to mask-making workshops. New Latino businesses have opened in once-empty North Philadelphia storefronts. Neighborhood commercial strips have been revived. And some entrepreneurs dream of drawing tourists to a Spanish equivalent of Chinatown.

While poverty continues to be a serious problem, there are signs — the first signs — of a small, emerging middle class.

The membership of the Hispanic Bar Association has more than quadrupled since it was formed in 1983 with 25 attorneys.

Eleven years ago, there were 36 Hispanic police officers, or less than half of 1 percent of the police force. Today, there are 187 Hispanic officers — most of whom are Puerto Rican — composing 3 percent of the force.

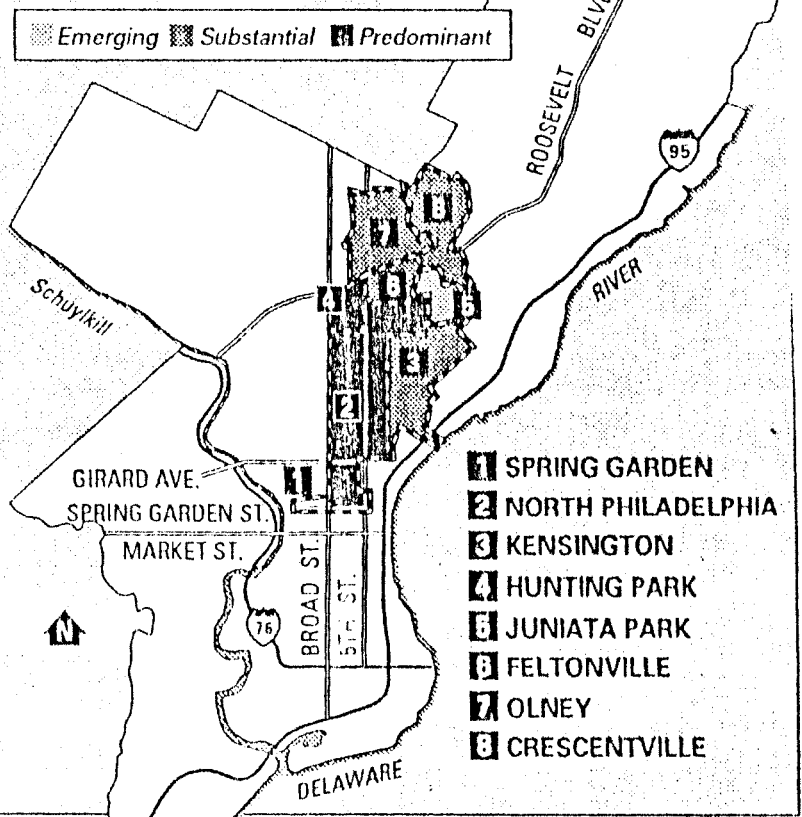
Home ownership among Latinos in the city grew 110 percent between 1975 and 1985, to 10,300 units. And last summer, 200 youngsters



Yolanda and Jose Maldonado say the rosary after dinner each evening.

## Where Puerto Ricans are moving

From Spring Garden Puerto Ricans have moved North and Northeast.



"Why is it that Mexicans have lower education and a higher labor participation rate than Puerto Ricans? I think it has to do with a culture of dependency. On the island there is a welfare system. If you come from Mexico there is no system. If you don't work, you don't eat."

However, Angelo Falcon, president of the New York-based Institute for Puerto Rican Policy, blames the poverty on other forces — market forces.

"When we came, manufacturing was declining," he said. "We didn't have a strong business sector to absorb those people."

"People tell us we're American citizens since 1917, which makes us different from the others," he said. "We come here to work for cheap labor. We're sold the dream that you come here, you work hard, you succeed. Except there's a twist in the dream: 'We don't

see of history at Seton Hall University who grew up in Spring Garden, and race became an issue within his own family, whose members are a mix of colors."

"People of darker color with woolly hair were not supposed to be as good as people of lighter skin and straight hair," he said. "I was supposed to do better than my family. Some of us were very dark, others very light. This idea did not foster good family relations."

For a doctoral dissertation, University of Pennsylvania education student Cheri Michelen has explored efforts to preserve the identity of Puerto Ricans who live here. She said it is not easy for Puerto Ricans to assimilate, blend and vanish in the melting pot of white American immigrant groups.

On city registration forms, voters must check off "Black," "White" or "Other." In the 1995 primary election, more Latinos checked

other, they cannot vote in presidential elections, although they do vote in primaries.

The internal controversy about remaining a commonwealth, moving to statehood or seeking independence is passionately debated in Puerto Rico and remains at issue among Puerto Ricans here.

The origins of Philadelphia's Puerto Rican community date to 1943, when Campbell Soup Co. workers — urban Puerto Ricans who came to the mainland for higher wages — settled in Spring Garden to be near the Rev. Enrique Rodriguez, pastor of the Fifth Baptist Church. He had been ministering to the workers in Campbell's Camoen barracks.

Many workers moved across the river to the old but elegant rowhomes of Spring Garden to be nearer Mr. Rodriguez and his Milagro church at 18th and Spring Gardens.

The first wave of middle-class Puerto Ricans was followed by unskilled and poorer

Latino community leaders have long complained that they are undercounted by the census. With the high mobility, it is hard to say what the exact numbers are.

There are three elected local Puerto Rican officials today, where none were in office 10 years ago: Common Pleas Court Judge Nelson A. Diaz, State Rep. Ralph Acosta and City Councilman Angel L. Ortiz. But it is not clear how much better off the community is.

Acosta represents the 18th District in eastern North Philadelphia. Elected in 1984, he is the sole Puerto Rican in the legislature. But it appears that this will be his last term.

In April, a Common Pleas Court judge

but only 476, or 1.6 percent, are Latino. Four percent of those 476 are administrators. Andres Perez, commissioner of public property, is the only Latino head of a city department. And despite an increase in the number of Latino police officers, only three have the rank of lieutenant or above.

Last year, the members of the Mayor's Commission on Puerto Rican/Latino Affairs resigned en masse, criticizing Mayor Goode for what they called his "total disregard" for its recommendations. Among them were more Hispanic appointments to government boards and a request for the mayor to condemn "English-only" legislation.

One reason for the lack of political influence: The Puerto Rican community has not translated its growing numbers into voters.

In Philadelphia, 22,840 Latinos were registered to vote in the 1988 presidential election, according to statistics compiled by Ortiz's office. That was a drop from the 25,116 who were registered in the 1984 presidential election, despite population growth.

Nationally, census figures show that Hispanic registration (Cuban, Mexican, Salvadoran et al., as well as Puerto Rican) fell from 48 percent of those eligible in November 1984 to 36 percent in 1988.

There is low registration and low turnout because they assume home is Puerto Rico and that's where their political allegiances lie," said Sandra Featherman, Temple University political science professor and director of Temple's Center for Public Policy.

Though registration and voter turnout is low here, it is high — very high — in Puerto Rico. "Eighty-seven percent of those registered vote," said Nydia M. Velazquez, secretary of the Department of Puerto Rican Community Affairs in the United States. "It is the highest percentage in the Western Hemisphere."

Ninety-nine percent of all eligible voters were registered to vote in 1988, according to the Puerto Rico Electoral Commission. The voting age is 18 and high school seniors are registered in the classrooms.

Benjamin Ramos of the Association Puertorriquena en Marcha recently acknowledged the problem of getting Latinos to vote in the fall elections, a time when many return to the island. Ramos, who has run unsuccessfully for state representative against State Rep. William W. Rieger (D., Phila.), said that if the election were held in July or August, we'd take Rieger.

The newly formed Department of Puerto Rican Community Affairs announced in December a plan to politically empower the 25 million Puerto Ricans on the mainland.

"We will start a voter registration campaign. We will help support Puerto Rican elected officials. We will provide resources and technical assistance to organizations," Velazquez said. The department recently opened an office in Philadelphia.

Some in the community say a problem of political leadership remains. No one figure speaks for the Puerto Rican community. Ortiz and Acosta are prominent because of their elected positions and because of work in the barrio. So is Judge Diaz. But Ortiz, Acosta and Diaz rarely work in concert. Diaz and Ortiz are not friends and have been critical of each other for years.

"We must generate our own. Andrew Young, our own Jesse Jacksons," said Eliran Cono Jr., a Puerto Rican clergyman who is president of the Hispanic Clergy of Philadelphia and Vicinity. He suggested that the current leadership, although well-intentioned, has not done enough.

"We are a community that is leaderless. The leadership we have is not liberating our community. So we have to ask who is it

## At St. Henry's, the signs of change

By Denise-Marie Santiago

The elderly parishioners sat stiffly as the priest recited the familiar words of the Mass in German.

A few sang hymns in their native tongue. Others just listened as the Rev. Engelbert Michel preached the sermon in both German and English to the small congregation scattered among largely empty pews.

After the final blessing, the parishioners shuffled down the aisles to leave. Sunlight leaked into the building as they pushed the doors open and faced clusters of Latino churchgoers waiting outside.

Within minutes the pews filled with almost 300 people—and latecomers squeezed into gaps. Babies cried. Children fidgeted. To the beat of guitar and tambourine, the voices of the congregation echoed through the church in Spanish.

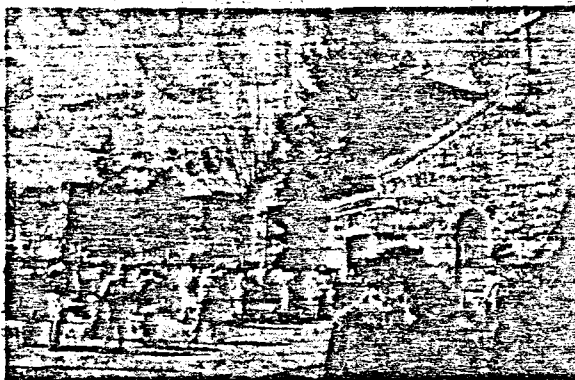
These are the sounds of change at St. Henry's Church in Hunting Park.

The Catholic church, founded in 1916, once served a thriving German-speaking community. But in recent years the neighborhood around St. Henry's has become home for a new Spanish-speaking community. Puerto Ricans now make up two-thirds of the church's membership. The swelling Latino parish has changed the accent of the old, gray stone church — everything from the words of prayer and the spicy food now served at church suppers to the almost weekly Spanish baptisms.

"It took a little struggle for us to get where we are now," said Luis Ruiz, one of St. Henry's two new Puerto Rican deacons. When he joined the church 14 years ago, Ruiz said, it "was very hard ... We weren't wanted, we weren't welcomed. Every time we'd ask for something, they always had an excuse."

But growing Latino attendance and declining German enrollment forced the church to change, he said. "They didn't have any other choice."

Three years ago, a Spanish prayer group started at the church. Two years ago, Spanish services were expanded from one to four times a month, he said. St. Henry's also offers retreats and Bible study classes for Spanish-speakers.



Latino churchgoers file into St. Henry's after the German Mass.

About 65 percent of the 1,000 families registered at the church are Latino, mostly Puerto Ricans, according to Father Michel. Twenty percent are of German descent; the remainder include blacks, Vietnamese, Irish and Italians.

"There were problems, naturally," Father Michel said. Older members of the congregation resented the new parishioners and their requests for more activities in Spanish, he said. "They felt, 'Why does this church have to have Spanish this and Spanish that?'"

But the changes at St. Henry's reflect the Philadelphia archdiocese's attention to its growing Latino flock.

The Hispanic Apostolate estimates there are 85,000 Latino members in the diocese — 92 percent of them Puerto Rican. In area Catholic schools, 3,339 students — 5 percent of the total — are Latinos and their numbers are steadily growing, according to the Rev. Richard York, the apostolate director.

The distinctive culture of Latinos has prompted churches in shifting neighborhoods to change their style of ministry.

"There are certain cultural differences

such as personabismo — that's the personal touch with small groups," said Father York. "A priest that stays up or the altar could be sending the message that he is distant ... So I have the children come around me at the altar."

Increasingly, prayer has a Spanish accent. Twenty-two Catholic churches are offering Mass in the language, and in the last decade the archdiocese has trained 25 Latino deacons who can perform some sacraments. However, there has not been a corresponding rise in Latino deacon priests, who number only three — two Cubans and an Ecuadorian.

Kitty Gilday, a church member at St. Henry's for 40 years, feels a kinship to the newer Latino members. "When we came, they [the Germans] resented us also," said Gilday, who is Irish. "But later on, the Germans got friendly with us."

She said there is some resentment that the Puerto Rican parishioners have not made adequate financial contributions to the church. Parish families had contributed an average of \$4 or \$5 per week, Father Michel said, but that has fallen steadily over the years. He said some of

the newer families just cannot afford to contribute much to the church.

Support for the parish school is also lagging, as it is in many inner-city Catholic schools. Enrollment has fallen to 900 from a peak of 900 in 1965, Father Michel said.

In a way, the St. Henry's staff ministers to three congregations. The German speakers are mostly elderly people, some of whom now live miles away and come back twice a month for German services.

Most of the families who attend the Spanish services live in the neighborhood. A different group consisting of Anglos, younger Hispanic families and teenagers attends the Sunday noontime Mass, Father Michel said.

Preaching becomes complicated because of the differing needs, he said.

"The Germans are now all over 60," he said. "So it's not a matter of reminding them that you've got to get married in the church or abortion is bad because they're all so old, they're never going to get remarried or anything like that."

Some traditions have remained the same despite the changing membership. More than 100 people gather in October every year for Kirchweih, a German fair to celebrate the church's beginning.

Other church customs are taking a new twist. The practice of saying the rosary at the church in May and October goes back more than 50 years, Father Michel said. For the first time, Spanish-speaking parishioners this year said those prayers in private homes.

And Latinos have brought their own traditions, such as re-enacting Mary and Joseph's journey to find an inn and holding nine days of prayer at the family's home after the funeral.

Not everyone is comfortable with the changes. "It hurts. My kids were baptized here," said Madeline Hoe, 65, a resident of Fox Chase who takes three buses to attend activities at the church.

Change, however, is something the German parishioners will have to adjust to, said Maria Hirscher, 64, who recalled that she could not speak English when she joined the church in 1960 after leaving her home in Germany. The Puerto Rican newcomers, she noted, "are church people, but

## Project Report:

### Borinquen Federal Credit Union

Presented to: David Miller

Prepared by: José A. Rivera-Ureutia  
Socorro Rivera-

#### I Reorganization of Board.

This action was needed for the following reasons:

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

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

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

#### III Are there any problem areas?

- Funding - IRS is auditing the community organization (501c-3) who is servicing as the conduit for the credit union funds provided by a local foundation. A 15,000.00 grant has been received but it has not been able to be cash until this problem is resolved.



- Ceiba (The network of organizations of CBCs) is having organization issues which are treating its existence.

#### IV Other Activities

##### - Staff Training:

- o Assistant Managers & President participated on the National Federation of Credit Union Annual Conference held in San Diego, California during May 24 to 26th.

##### - Education / Promotion Committee.

- o Socorro, Manager, had a 1 hr. talk show at one of the Spanish radio station. 20 new accounts has been opened since the program.

##### - Supervisory Committee.

- o Committee has retained the services of an accountant to finalize the internal audit
- o Accounts verifications are completed
- o Ac.

##### - BFCU continue to participate in PHILCUP and its sharing the planning committee.

##### - Fundraising -

- o The last bond claim submitted based on 1983 Losses was settled for 3,500 of the 5,000 w. in the last period
- o Bonding Insurance was increased up to 500,000. based on a positive recommendation of the insurance company audit.



CED PROJECT  
THIRD QUARTERLY REPORT

Prepared for: David Miller

Prepared by : Socorro Rivera &  
Jose Rivera-Urrutia

During the last four months we have been working on more concrete plans and documents for the credit union. Two documents have been drafted for board approval, the personnel/board manual and the marketing strategy for loans (see attached).

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

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

In this meeting we stressed the importance of been supported for self-sufficiency, not to become dependent on banks' grants (meaning charity). We discussed the need to develop join venture projects to serve the financial needs of low-income communities and to strengthen the income base of the credit unions. We also discussed the need for planning, technical assistance and training

for the board and staff. The banks agreed that they have to support the credit unions stronger and create a Resource Group as a mechanism to promote and develop the neighborhood credit union as viable financial institutions among their peers.

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

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

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

M E M O R A N D U M

TO: David Miller

FROM: Jose A. Rivera-Urrutia *JARU.*  
Socorro Rivera-Rosa *MR*

DATE: December 9, 1990

RE: Final Project

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

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

## **I. Introduction**

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

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

## II. Historical Perspective

### A. Relevant background history

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

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

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

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

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

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

## **B. Demographics**

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

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

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

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

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

When we analyze the general demographics of North Philadelphia compare to the rest of the City, it is most evident the crisis of the residents living in this area:

1. North Philadelphia's median annual household income in 1980 was considerably less than the city wide figures, approximately \$8,200. compared to \$13,200. city wide (62% of the City's average). Moreover, 40% of all persons (twice the City average of 20.6%) and 33% of all families lives below the 1980 federal poverty level of \$7,421 for a family of four. The greatest incident of poverty is found in the Lower North Philadelphia neighborhoods east of Broad Street where nearly half of all families have income below the poverty level.

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

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

### C. Housing Conditions in the Puerto Rican/Latino community

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

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



#### D. Conditions of the Puerto Rican/Latino business districts

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

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

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

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

1. Lack of political power to influence decisions and to be included in the planning, development and implementation of programs and projects within or near the community,
2. Lack of community organized efforts to be part of the process. Scatter participation of some "leaders" on an individual basis,
3. Lack of vision in how the enterprise zones can become a mechanism to attract attention and resources to the community for development,
4. The majority of our labor force and/or potential labor force lack the skills to enter into the job market. (no relationship between supply and demand),
5. The few individuals who have been able to secure jobs are at very low pay,
6. Lack of training programs that can address the deficiencies of the potential labor force and at the same time develop their skills to compete in the area job market,
7. Inability of City officials to coordinate an effort to improve services in the area and to develop long lasting relationships with merchants in the community to prevent frustration, apathy and isolation,

8. Lack of vision of City officials to realize the importance of attacking socioeconomic problems of the area to be able not only to attract businesses but to retain them. They must realize that development does not occur in the vacuum,

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

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

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

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

#### **E. The role of BFCU within this environment**

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

### **III. First Eleven Years of Operation**

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

Since the original idea was to serve a limited number of people, the credit union was located in the office of Casa del Carmen, a catholic social service agency, and it was run with volunteers of the agency staff. No training was provided, neither management/ operational system was developed. For the first 8 years was run at a very limited scale, primarily serving the staff of the organization. Since it was a small scale operation, they were not confronting significant problems.

In 1982 the credit union received a loan from the City of Philadelphia to provide home improvement loans to low income individuals. This had a significant impact in the credit union operations. This brought an increase in the asset of the credit union by \$125,000. in less than 6 months. A part-time staff person was hired to process the loans and an open advertisement campaign was developed and implemented in the community. By the end of 1983 the credit union went from an asset base of \$69,000. to an asset base of \$500,000. Although the operations escalated so rapidly, no infrastructure was created for operation, management, and bookkeeping. As a result the credit union started to reflect deficiencies in the annual examination reports.

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

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

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

#### Important details that precipitated the crisis

- A. The credit union was created by a small group of individuals, primarily outsiders, who did not involve the community in the process.
- B. The founders did not develop a plan for operations, management and bookkeeping.
- C. The volunteers were not trained and there was not a monitoring system in place.
- D. There was not a functional infrastructure to deal with growth.
- E. There was no a consistent and committed group to manage and monitor the operations.
- F. The regulatory agency did not enforce their rules and regulations to make the board be accountable and better trained.

G. There was not a monitoring system from the sponsor organization (Archdioceses of Philadelphia, parent organization of Casa del Carmen).

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

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#### Liquidation 1984

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

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

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

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

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

#### Important details

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

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

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

D. There was an individual with vision who perceived the need and acted immediately.

### Re-birth of BFCU

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

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

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

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

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

#### **IV. How do you rescue a credit union after liquidation?**

#### **A. Creation of a committee**

1. Identify individuals who may have interest in saving the institution. These individuals must have real commitment and be willing to make the time and have interest to be active participants.
2. Identify some individuals with basic skills in business, management, strategic planning and/or have political contacts.
3. Form a committee of at least 10 individuals and identify at least 3 with leadership skills.(be selective)
4. Choose a spoke person and a group facilitator. (be selective, do not chose individuals with political friends who can be divisive)

#### **B. Develop a plan**

1. Identify time constraints.
2. Identify the major problems.
3. Study the available information .  
(DO NOT PLAN UNTIL YOU ARE FAMILIAR WITH THE PROBLEM(S)  
AND THE AVAILABLE INFORMATION)
4. Identify your immediate goals, and objectives and the group mission.  
(REMEMBER YOU ARE IN A CRISIS WITH A LIMITED TIME  
TABLE)
5. Identify the human and economic resources you have within the group to accomplish your mission.
6. Develop an strategic plan including at least:
  - a. an overall need assessment.
  - b. resources available (human and economics).
  - c. task assignments.
  - d. time table.
  - e. operational plan (how are you planning to run the organization, if giving the opportunity again)  
BE SPECIFIC BUT DO NOT PROMISE TO DO THINGS THAT  
YOU IN REALITY ARE NOT ABLE TO DO WITHIN THAT TIME  
TABLE
  - f. develop a contingency plan.

#### **C. Develop a political strategy**

1. Develop a support base composed of members, community leaders, politicians, community organizations and government entities.

2. Inform the above mentioned individuals and entities of the problem, emphasize the role of the institution in the community and your plan for operation  
(BE HONEST AND DO NOT HIDE INFORMATION BECAUSE IT MAY HARM YOU LATER).

3. Ask for their input and support.

4. Make them active participants in the process by asking them to:

- a. Write letters of support
- b. Provide economic and human resources
- c. Provide technical assistance
- d. Accompany you to important and crucial meetings
- e. Lend you credibility and lobby on your behalf

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

#### **D. Negotiation process**

1. Arrange a meeting with the Regional Director and/or top management.

(DO NOT ARRANGE FOR A MEETING UNLESS YOU HAVE ALL THE OTHER COMPONENTS, PREVIOUSLY MENTIONED, IN PLACE)

2. Make sure that you have representatives of all the different sectors of the community at the meeting.

(CREATE A POWERFUL ENVIROMENT--THAT IS YOUR ONLY TOOL).

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

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

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

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

#### **E. Follow-up**

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

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

3. Submit reports to NCUA on time and consistently.

4. Submit reports to funding sources and keep them informed of developments.

5. Conduct a general membership meeting and inform them. BE SURE YOU ARE CLEAR AND SPECIFIC. Discuss with them the pass, present and future. Remember, without a constituency you do not have an organization.

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

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

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

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

## **6. Cultivate relationships with supporters**

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

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

a. Annual meeting

b. Extraordinary meetings

c. Letters

d. Newspaper articles

e. Radio talk shows

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

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

When our group was able to get together, within a two weeks period we had to approach NCUA or we had lost any opportunity to rescue the organization. There were different elements who got involved in the process. Since we were in a crisis, had time constraints, and lacked the information on the real conditions of the institution, we made several mistakes. The biggest one was to allow an outside institution to prepare a plan for us to submit to NCUA. Since we did not have prior experience in this area and did not have the internal resources, we relied on their expertises and technical assistance. This approach almost destroyed our opportunity for survival. **Outside technical assistance is as good as you are able and ready to use it. Do not be afraid of say NO, do not be afraid to use your own resources, skills and ideas.** Remember that outsiders come and live, you have a stake in the process which must be durable and must succeed, since it is your community which may loose or win at the end.



Our second mistake was to rely on verbal conversation during follow-up meetings with examiners. We could have avoided the third possibility of liquidation, if we had have all our negotiations after May of 1986 documented in writing. Even still today we are victims of errors made by NCUA in May of 1986, when they made the entries in the book for liquidation. Four years later is their word against our word.

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

1. We had a cohesive group of about 7 people who worked hard, consistently, and committed during the crisis period.
2. We have developed an ample support base of community organizations, individuals, government institutions, and bankers who have backed us during the good and the bad times. These supporters sent letters of support, met with the regulators, mobilized key politicians such as Congressmen, City councilmembers, the Mayor, the Governor, etc. These individuals also provided technical assistance and financial support.
3. We have been able to secure steady financial support from three funding sources Fidelity Bank, CoreState Bank (former Philadelphia National Bank), and The Philadelphia Foundation.
4. We were able to overcome the fear of being small and the regulator's threats in a short period of time.

## **V. Tips for survival**

### **A. Re-structure internal operations**

1. Conduct skill assessment and level of commitment of human resources, including board, staff, and other volunteers.
2. Re-structure your board to meet the needs of the organization, based on available skills, commitment, and tasks to be performed.
3. Diversify your committees.
4. Conduct planning sessions with all individuals who play a significant role in the organization.
5. Develop a three to five year plan with a monitoring system.
6. Develop a mechanism for internal control, security, effectiveness, and efficiency.
  - a. Who is responsible for the credit committee, the supervisory committee, the investment committee, the education/promotion committee, etc?

b. Who makes the deposits, bank reconciliations, bookkeeping, balance and close the books, etc?

c. Who is in charge of delinquency control?

7. Develop a board and staff manual.

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

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

#### **B. Review accounting and reporting systems**

1. Develop an efficient bookkeeping and recording system.

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

3. Develop a mechanism for correlation of information.

4. Develop a system for reporting.

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

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

#### **C. Re-structure office procedures and policies**

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

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

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

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

#### **D. Develop a good procedure for monitoring and evaluation**

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

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

3. Have regular monthly meetings with board and staff.

4. Review your goals, objectives and re-assess your needs at least every six months.

5. Re-assess your human resources commitment and their involvement in the process.

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

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

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

### **E. Political Strategy**

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

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

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

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

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

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

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

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

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

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

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

a. Within the economic enviroment of the 90's there are not moments of stability for any financial institution ...There is less opportunity for a community based financial institution to be stable.

b. There is a need for a consistent approach to cultivate resources. Your institution will never survive in a vacuum. You need the continuous support of your peers, other community organizations, YOUR MEMBERS, the financial resources, etc.

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

## **VI. Restructuring for growth and development**

### **A. Review your mission, goals and objectives**

Think on the following:

1. What is your vision for the financial institution?
2. How does this institution relate to the overall socioeconomic structure in the community?
3. What services are needed in the community and how can you fulfil that need (what is the demand and what percentage of that demand can you supply?)
4. How do you perceive your growth pattern?
5. What mechanisms will you use to accomplish your goals and objectives?
6. What is your time table for development?

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

1. Be sure that you involve everybody that has a stake in the institution including members, board, staff, funders, and other organizations within your networking system.
2. Make sure that you have taken into consideration the pros and cons for expansion, growth and development.
  - a. Human resources available
  - b. Economic resources
  - c. Supply and demand on services
  - d. Potential risks
  - f. Internal infrastructure (board, staff, committees, bookkeeping system, equipment, policies and procedures)
  - g. Security issues

## **B. Re-asses your internal structure**

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

- a. Asses the general board skills, knowledge and training.
- b. Review your committees and their policies and practices for effectiveness and efficiency.
- c. Determine the human resources you will need based on your plans for expansion and/or charges.
- d. Be aware that you may need more committees that those require by law such as credit and supervisory committees. Identify every potential members for committees.
- e. Be sure that all members of the board are assigned to a committee or to a specific task.
- f. Re- assess your committee members' skills, knowledge, training and their willingness to accept new challenges.
- g. IT IS BETTER TO HAVE FREQUENT TURNOVERS IN THE BOARD THAN TO HAVE AN INEFFICIENT AND INNEFFECTIVE BOARD.
- h. YOU NEED A CORE GROUP THAT IS CONSISTENT, COMMITTED, PROVIDE CONTINUITY AND TAKE LEADERSHIP.

### **2. Conduct a series of training sessions for brainstorming:**

- a. Make sure that everyone participate and buy into the process.
- b. Assign specific task and monitor them.
- c. Make sure that all information produce as well as recommendations are incorporated within your overall plans, policies and procedures.
- d. Allow time to process information and be open to make changes.
- e. Before making a significant move be sure that your board is totally convinced, that it is ready for the demands of a growing and development process.
- f. Be sure that you have enough human resources (bodies) to deal with the changes on demands. Remember that staff is a key component within the human resources.
- g. Re-assess the skills, training and knowledge of your staff to be sure that they are able, willing and prepare to handle the changes in services and the volume of work.

h. Be aware of your real need for pay staff and for the economic resources available to provide them with a reasonable salary and fringe benefits.

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

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

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

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

### **3. Re-assess your office operation system**

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

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

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

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

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

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

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

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

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

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

3. The signing of checks must be done by two people. You should have at least four signers.

4. The person who authorizes the transfer of funds must be different to the person who makes the transfer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 5. Develop a plan for self-sufficiency

### a. Develop a business plan

1. Make accurate and conservative projections.

2. Include your human and economic resources in the projections.
3. Make sure that your projections reflects the reality of your institution and the community you serve.
4. Use "peers" projections and regulators assumptions just as a reference but make your projections based on your reality.
5. Your projections must be compared to the national standards but you must take into consideration the reality of your target population to determine your liquidity, your projected outstanding loans and your investment portfolio.
6. Develop a good section on management and personnel. Use the information you have already compiled on your board and staff and incorporate your policies and procedures.
7. Include a comprehensive historical perspective of the institution and highlight your achievements and strong points.
8. Identify your weaknesses and explain how are you going to overcome them.
9. Develop a comprehensive section on overall operations and evaluation procedures.
10. **MAKE SURE THAT YOU DO NOT OVER-ESTIMATE PRODUCTION TO MAKE SELF-SUFFICIENCY A REALITY.**
11. **DO NOT UNDER-ESTIMATE THE COMMUNITY YOU SERVE.** The socioeconomic reality of your membership and potential membership and the risks involve when lending in unstable community.

**b. Financial Plan**

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

1. Liquidity ratio (do you have enough cash to make loans, cover your demand for withdrawals and pay for your expenses?).
2. Solvency ratio (do you have enough income to cover your expenses, pay dividends and increase your reserves?).
3. Shares ( do you have a balance on members and non-members deposits? Low income credit union can only have 20% of their total shares in non-members shares).



Before you structure your financial plan you have to be clear on your problems, because your rating will be determined on your ability to balance out solvency and liquidity, combined with your management abilities.

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

1. Making a loan from NCUA, the National Federation on Community Development Credit Unions (NFCDCU) or a funding source such as Campaign for Human Development and/or Mid Atlantic Credit Union in Pennsylvania.
2. Search for non-member deposits (if you are a low income designated credit union) from foundations, corporations, social investors, and/or NFCDCU.
3. Conduct a campaign within your membership to increase savings. For a period of time concentrate your campaign in the promotion of the saving opportunities of your credit union, not in the lending.

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

1. Try to increase your outstanding loans by conducting a promotion campaign ( DO NOT RUSH, YOU WANT TO MAKE GOOD LOANS)
2. Limit your deposit from non-member depositors (Take them only if you are having a serious problem with income and they request a LOW RETURN on their investment.)
3. For a period of time, conduct your promotion campaign in the lending opportunities of your credit union instead of your saving opportunities.
4. DO NOT LOOK FOR MORE CASH IF YOU ARE TOO LIQUID.

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

1. Reach for deposits at LOWER return for investment.
2. Request grants and other types of subsidies.
3. Limit your operating expenses and try to increase your income.
4. Review your lending policies, increase your interest rate and increase your maximum loan

amount ( make sure you provide for a range amount of loans to be requested.)

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

### **Financing tools**

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

2. WHEN DEVELOPING A FINANCIAL PACKAGE BE SURE YOU EXPLAIN WHAT ARE THE PROBLEMS, STRENGTHS, AND WEAKNESSES OF THE INSTITUTION.

3. TAILOR YOUR PACKAGE TO YOUR SOURCE BUT MAKE SURE THAT THE BASIC INFORMATION IS CONSISTENT AND THAT ALL THE APPROACHES ARE LINKED TO A PLAN OF ACTION, THAT IS EXPECTING TO RESOLVE THE PROBLEM IN A REASONABLE PERIOD OF TIME.

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

### **c. Marketing Plan**

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

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

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

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

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

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

6. FOLLOW YOUR PLAN. REVIEW IT PERIODICALLY AND MAKE SURE THAT YOU HAVE THE RESOURCES TO SUPPLY THE DEMAND. IF YOU ARE SUCCESSFUL, DO NOT UNDERESTIMATE YOUR RESULTS AND/OR OVER-ESTIMATE YOUR RESOURCES.

#### d. Follow up with financial supporters

1. Remember, it is important to continue cultivating your supporters.
2. Share with them your plans and ask for their technical assistance and input, when appropriate.
3. Submit reports to them at least every six months, even if they do not request them.
4. MAKE SURE YOU SUBMIT YOUR REQUEST FOR FUNDING AND YOUR REQUESTED REPORTS ON TIME AND WITH ACCURATE INFORMATION.

### **VII. Conclusion**

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

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

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

- BE HONEST with yourself, the members, the community, your financial supporters, the regulators...your entire networking system.
- PLAN each of your steps, even within the worst circumstances and your limited time to react and/or act.
- DO NOT RUSH, you will regretted later.
- BE CONSISTENT in your plans and actions. Do not jump from one side to another, develop a pattern of processes that will lead to a coordinated action.

- DEVELOP CREDIBILITY during the entire process. Even during your worst situation, you will receive support if others trust you and have confidence in your actions.

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

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

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

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

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

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

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

## ATTACHMENTS

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

## **INTRODUCTION**

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

## **II. HIRING PROCEDURE**

### **A. Establishing new positions and developing job descriptions**

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

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

### **B. Hiring Policy**

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

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

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

2. No newspaper advertising will be required for

temporary and part-time positions (less than six months, less than 20 hours per week, or for consultants paid less than 1,000. per contract).

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

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

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

Wife	Mother in Law
Husband	Father in Law
Mother	Sister in Law
Sister	Brother in Law
Brother	Dauther in Law
Son	Son in Law

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

### C. Selection

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

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

### D. Conflict of Interest

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

#### **E. PARTISAN POLITICAL ACTIVITY**

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

#### **F. Immigration Clearance**

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

#### **G. Orientation**

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

#### **H. Probationary Period**

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

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



will be submitted to the Board of Directors and Kept on file. This written evaluation must have the signature of the employee, Line Administrator, General Manager and the President of the Board of Directors.

### **III. EVALUATION PROCEDURE**

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

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

#### **A. Annual Review**

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

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

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

Directors, as his/her last resource.

## **B. Compensation**

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

## **IV. SUSPENSION AND TERMINATION**

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

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

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

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

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

## **C. Voluntary severance**

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

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

#### **D. Exit Interview**

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

#### **E. Severance Benefits**

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

### **V. RESTRICTION ON ALL PERSONELL**

#### **A. Hours of work**

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

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

#### **B. Pay period**

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

the vote of the Board of Directors.

### **C. Absence**

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

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

### **D. Tardiness**

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

### **E. Training and Educational Opportunities**

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

### **F. Job Related Expenses**

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

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

### **G. Overtime**

Unless otherwise stipulated, it will be the policy of the Credit Union not to pay for over time. Employees who work in excess of their regularly established hours may be awarded compensatory time by the General Manager and/or the Board of Directors.

Compensatory time is accumulated at a rate of one hour for each one hour worked beyond the employee's regular work week. If compensatory time is accumulated consistently, the General Manager will meet with the employee to determine whether the employee's time is being effectively allocated or whether unreasonable demands are being placed on the employee which require additional hours of an employee.

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

#### **H. Grievances Related to Work**

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

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

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

### **VI. BENEFITS**

#### **A. Health**

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

#### **B. Holidays, Vacation and Sick Time**

##### **1. Holidays**

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

New Year's Day  
The Three King's Day  
Marthin Luther King

Labor Day  
P. R. Discovery  
Thanksgiving Day

Good Friday  
Independence Day

Day after thanksgiving  
Christmas Day

\* Election day- 2 hours for voting (employee must show evidence of registration)

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

## 2. Vacation

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

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

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

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

## 3. Sick Leave

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

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

In the event of a serious injury or prolonged illness, the employee will be advised of Disability Benefits available under state and local law.

The general policy of the Credit Union is to maintain the position of a disable employee open for a maximum period of six weeks upon written confirmation of the disability from his/her physician. The employee may, through a written request apply any accrued annual leave to his/her six week period.

#### **C. Personal/Stress Days**

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

#### **D. Compassionate Leave**

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

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

#### **E. Jury Duty**

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

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

#### **F. Military Leave**

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

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

#### **G. Parenting Leave**

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

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

#### **H. Leave of Absence**

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

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

### **VII. BENEFITS REQUIRED BY LAW**

#### **A. Worker's Compensation**

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

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

#### **B. Social Security**

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

#### **C. Unemployment Compensation**

All employees are covered by the Pennsylvania Unemployment Compensation Act. The Credit Union pays the



full cost of this protection.

#### **VIII. SITUATION NOT COVERED BY THIS MANUAL**

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

# *Borinquen Federal Credit Union*

~~2727~~  
2640 North 5th Street  
Philadelphia, PA 19133  
(215) 425-8119

6/28/90

DRAFT

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Dear Colleague:

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

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

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

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

"El futuro es tuyo si ahorras ahora."

One of our board members will be calling you during the week of \_\_\_\_\_ to arrange for a presentation to your board. If you have questions or need further information you can call Socorro Rivera, our general manager, at 425-8119.

Thank You for your cooperation.

Sincerely yours,

Jose Rivera-Urrutia  
President

"BORINQUEN FEDERAL CREDIT UNION NI TUYA NI MIA, NUESTRA"

"EL FUTURO ES TUYO SI AHORRAS AHORA"

New Hampshire College  
Community Economic Development National Program  
Project Contract

BORINQUEN FEDERAL CREDIT UNION  
March Report

Presented to:

David Miller

Prepared by:

Socorro Rivera

José A. Rivera-Urrutia

## PROJECT OUTPUT

## PROPOSED TIME TABLE

### Credit Committee

- \* Committee has met and drafted a new loan policy based on BFCU need. This policy will be submitted for approval at our April Board Meeting. See attached. 1/90-3/90
- \* A collection policy has been drafted for written off loans. See attached.
- \* Written off loans list has been up-dated so collection procedures can begin on April.
- \* Committee is actively working in the supervision and approval of new loans. Also, they have taken collection responsibility from the manager work load.

### Supervisory Committee

- \* An schedule has been prepared for supervisory examination. See attached. 3/90-5/90

### Education/Promotional Committee

2/90-12/90

- \* A brainstorming session occurred between BFCU staff and committee member to identify areas of need. A draft for an educational/Promotional plan has been developed. See attached.
- \* BFCU staff met with a Latino Radio Station to discuss the possibility of some pro-bono publicity.

### Computer System

- \* BFCU met with Philadelphia National Bank to discuss the hardware and operational information. However, negotiations continue on the name brand of the hardware. 1/90-2/90
- \* A tentative schedule for installation of the BFCU system has been defined. See attached.

## Fundraising Plan for BFCU

- \* BFCU as well as the other organizations participating in CEIBA, a group of non-profit economic development organizations serving the latino community, continues to negotiate with local banks the investment alternative for our community. Banks in negotiations are PNB and Mellon Bank. 1/90-6/90
- \* BFCU is also in the process of consummating a partnership agreement with Continental Bank for mortgage counseling.
- \* BFCU participated in a meeting with the Pew Charitable Trust to discuss the foundation commitment and/or participation within the Latino community. BFCU was giving priority by the other community organizations as the banking alternative for our community and presented as such to the foundation.
- \* BFCU has been meeting with other neighborhood credit unions, banks and the Episcopal Church representative to discuss possible partnership between CDCU's and banking institutions(4 local largest banks are represented) and area funding sources. BFCU has an active role in the process and is represented in the planning committee and the fundraising committee.

## Network with other CED organizations

- \* BFCU as part of the CEIBA group participated in a two days retreat to define groups participations and structure of the association. 10/89-5/90

## **ATTACHMENTS**

BORINQUEN FEDERAL CREDIT UNION  
CREDIT POLICY

1. Applicant must be a member of BFCU for at least four months prior to submitting a loan application.
2. Member must have shown a saving pattern (no limit as of amount). Nevertheless if member does not have in shares the minimum amount required to make a loan, he/she will be permitted to take a bigger loan and deposit the difference needed in order to qualify.
3. Shares requirement will be based on amount of loan as follows:
  - a. Loans under \$5,000.00 - 50% in shares
  - b. Loans from \$5,001.00 to \$7,000.00 - 40% in shares
  - c. Loans of \$7,001.00 and over - 33% in shares
- \* 4. Collateral will be requested in any loan over \$1,000.00. Collateral can be in the form of shares, co-signer, car and/or real-estate property. The following are the requirements:
  - a. co-signer (must submit same documentation as applicant and demonstrates ability to pay)
  - b. car - must be paid and have full-cover (lien will be placed on title, which will be paid by applicant)
  - c. real-estate property - only for loans over \$7,000.00
5. Any loan over \$10,000, not fully guaranteed by shares, applicant and co-signer (if applicable) will be requested to pay for a credit report.
6. Any loan guaranteed with real-estate property, applicant must pay in advance for appraisal and title search fees. If loan is approved, lien fees will also be charged to applicant.
7. Signature loans can be granted to members with a good credit history, particularly with the credit union. Loans cannot exceed \$1,000.00 and must have at least 25% of the requested amount in shares. Credit report will be compulsory and paid by applicant.
8. Application fee will be charged in advance. If loan is approved, total fee will be kept, if loan is rejected, application fee will be returned, if loan is approved but applicant cancel the application, only 50% will be returned. Application fees are as follow:
  - a. \$50.00 to \$300.00-----\$2.50
  - b. \$301.00 to \$1,000.00----- \$5.00
  - c. \$1,001.00 to \$5,000.00-----\$10.00
  - d. \$5,001.00 to \$10,000.00-----\$20.00
  - e. \$10,001.00 to \$15,000.00-----\$30.00
  - f. \$15,001.00 to \$20,000.00-----\$40.00
  - g. \$20,001.00 to \$30,001.00-----\$50.00
  - h. \$30,001.00 and over-----\$75.00

\* Except BHILP Loans



9. Interest rate for personal loans will be 12%, for share loans and/or loans guaranteed 100% with shares will be 10% and for BHILP loans 7%. These rates will be evaluated every three months and revised if needed.
10. All applicants will be required to bring documentation to prove income and expenses. Documentation for prove of income must be for the last month and documentation for expenses for at least two months. (Extra documentation may be requested if application show questionable line items).
11. Criteria for BHILP loans will be the same required by the City of Philadelphia Department of Housing and Communtiy Development: a description of job to be performed, two cost estimates and the deed of the house. Applicants must have at least 25% of amount to be requested and been a member of BFCU for at least four months.
12. All applicants will be evaluated based on the above criteria. Credit committee may be permitted to make limited exceptions under extremely meritorious situation.
13. THESE POLICIES WILL BE EVALUATED EVERY THREE MONTHS AND CHANGE OR AMMEND IF NECESSARY WITH THE APPROVAL OF THE BOARD OF DIRECTORS.

Revised as of \_\_\_\_\_ to be implemented as  
of \_\_\_\_\_.

BORINQUEN FEDERAL CREDIT UNION  
LOAN COLLECTION PROCEDURES

1. Send first delinquent letter 10 days from said due date of monthly payment;
2. End of month send second warning letter and call member;
3. Following month send third warning, advising the member of home visit if he/she does not respond by the end of the month;
4. Call member for the second time if phone available;
5. Once member is delinquent for two month, loan is placed in list for home visit. Home visit must be conducted within a week after loan has been identified as risky;
6. An assessment of member's situation is to be conducted and the appropriate action taken. There are three alternatives, member may be able to pay the delinquent loans and continue paying under the same payment schedule, member may need a payment plan or member may need to re-finance the loan for a longer period of time to be able to afford payments. Under extreme circumstances, member may need a grace period to overcome crisis;
7. Once loan is delinquent for two months and member has not responded, co-signer (when applicable) must be notified;
8. If collection actions do not work, loan will be referred to the lawyer, after loans are four months delinquent. DUE TO THE HIGH COST OF COLLECTING LOANS THROUGH LEGAL MEANS, ALL EFFORTS MUST BE DONE PRIOR TO REFER ANY LOAN TO THE LAWYER.
9. COLLECTION PROCEDURES IS THE RESPONSIBILITY OF THE CREDIT COMMITTEE AS WELL AS MONITORING OF ACTIVITIES RELATED TO COLLECTION.

BORINQUEN FEDERAL CREDIT UNION  
Loan Collection Procedures for  
Written Off Loans

1. Choose a committee to collect these loans.
2. Committee must prepare documentation of each loan prior to start collection action (total debt, address, phone number, references, work place, any legal action taken by BFCU, etc.)
3. Those who have phone number should be called and advice them to make the payments or a committee from the board will visit them in their house and/or work place if necessary.
4. Committee must take necessary paper work to sign an agreement of payment.
5. If member has moved, committee must try to identify where he/she moved and when.
6. For BHILP loans it is important to explore the reason (s) people had to stop making payments and take not of it.
7. For BHILP loans it is important to check work that was done in the house with the loan and use this as leverage while requesting payment of the delinquent loan.
8. It is important to make members realize that they owe this money to another member who is in the same economic/social situatuaion he/she is. He/she is impeding the other members's ability to make loans, nevertheless when they had a need to make a loan other members made it possible for him/her.
9. Committee members should not be the same if a second, third visit is needed.

BORINQUEN FEDERAL CREDIT UNION  
EDUCATIONAL/PROMOTIONAL PLAN

There is a need to educate our potential membership on the importance of a financial institution own and run by us, oriented to our specific needs. In this educatioanal/promotional plan we must take advantage of the cooperative experience of Puerto Ricans in the Island.

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

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

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

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

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

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

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

4. Emphasis will be given to develop special activities to involve the youth leadership of the churches in the process.

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

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

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

We will also be contacting the boards of the different community organizations on this area to encourage them to become members of the credit union. It is important to communicate to board members and directors of other organizations that the credit union is a viable financial institution, which they should consider as an alternative to fulfill some of their banking needs. Besides receiving services they will also be contributing to the development and growth of a financial institution that will be able to channel the economic resources within the community. For each dollar that they deposit into the credit union we can match it with outside deposits that will benefit the members and the community in general. After the boards and directors are sensitized to the idea we will conduct workshops for employees to recruit them as members and to encourage them to inform their clients and other colleagues in the community.

The purpose of the educational committee is to increase the membership by 35% in 1990 and to increase the membership by 90% by 1992. Our second goal is to support the credit committee in achieving their goal of increasing the loan portfolio of the credit union. Our third goal is to increase the asset base of the credit union to \$1,000.00 by Dec. of 1990.

The following is a tentative calendar of events:

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

Based on the results of the first nine months of operation the committee will develop the plan for 1991.

Sample

AMI INSTALLATION/TRAINING SCHEDULE

Credit Union Name Boringuen Federal Credit Union  
Street Address 2640 North 5th St.  
City Philly State PA Zip Code 19133  
Contact/Title \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Manager's Name \_\_\_\_\_  
Credit Unions Phone Number \_\_\_\_\_  
Number of Employees \_\_\_\_\_ Hours Open \_\_\_\_\_  
Type of System \_\_\_\_\_  
Federal ID # \_\_\_\_\_  
Conversion Date Desired July 1, 1990  
Type of Conversion \_\_\_\_\_  
Service Bureau Contact/Title \_\_\_\_\_  
Phone Number \_\_\_\_\_

**AMI INSTALLATION SCHEDULE**  
**BORINQUEN FEDERAL CREDIT UNION**

Tasks	Responsible	Date
<b>Hardware Installation</b>		
- PC and Peripherals Delivered	Boc FCU	4/16/90
- Multi User Installation	N/A	
- Cabling	Boc FCU	4/16/90
<b>Software Installation</b>		
- Load AMI Software	AMI	4/17/90
- Review Training Package	AMI/Boc	4/17/90
- Review Master Reports/Info	AMI/Boc	4/17/90
- Obtain CU Parameters	AMI	4/17/90
<b>File Conversion</b>		
- Obtain Reports/Info	Boc FCU	4/18/90
- Begin Data Entry	Boc FCU	4/18/90
- Finish Data Entry	Boc FCU	6/29/90
- Obtain Month End Balances	Boc FCU	7/2/90
- Begin Month End Balances	Boc FCU	7/2/90
- Complete Month End Balances	Boc FCU	7/9/90
<b>AMI Training</b>		
- Staff Training	AMI	7/10-12
- Enter BackPosting	Boc FCU	7/10-12
- CU Current on AMI System	AMI/Boc	7/12/90
<b>Month End Training</b>		
- Verify Parallel Posting	AMI/Boc	8/1/90
- Cut-Over Date to AMI System	AMI/Boc	8/1/90
- CU Live on the AMI System	AMI/Boc	8/1/90



# Quarter End Training

- Set Up Que Master
- Overral Review of System
- Letter of Recommendation

Ant/Bac

Ant/Bos

Bac.

10/1/90

10/1/90

10/1/90

To: Jose A. Rivera  
Director community  
Relations Department

From Floyd Woods  
Soft Warehouse Computer Store

Dear Mr. Jose Rivera

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

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

THANK YOU FOR CONSIDERING SOFT WAREHOUSE

FLOYD WOODS.



FRA 103193

## INTERNAL ITEMS

## PERIPHERALS

SUB TOTAL	13,773.00
SALES TAX	
GRAND TOTAL	
SUBJECT TO PRICE CHANGE AND AVAILABILITY	

**SLOT GUIDE**

8	7	6	5	4	3	2	1

REV. 8-89 BOSTONIAN FWD E.O. GUBIN & SONS, INC. OF SOFTWAREHOUSE, INC. SEE ADDITIONAL TERMS AND CONDITIONS ON REVERSE SIDE (C) 1989 SOFTWAREHOUSE, INC.

**PROPOSAL TO  
PHILADELPHIA NATIONAL BANK  
FROM CEIBA**

**Description & Purpose Mission of each member organization**

**The Need for Ceiba**

**Ceiba Projects**

**Project Objectives / Methodology**

**Project Budget**

**Appendixes**

**Computerization Goals**

**Board of Directors / 501-c-3 of each member organization**

**Philadelphia, January 1990**

**PROPOSAL TO PHILADELPHIA NATIONAL BANK FROM CEIBA**

**The People of Puerto Rico are very proud of their deep rooted Ceiba tree,**

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

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

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

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

#### Description & Purpose/Mission of each member organization

##### BORINQUEN CREDIT UNION

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

##### CENTRO PEDRO CLAVER

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

Founded in 1978 by Father David Ungerleider, S.J., Centro Claver was incorporated in July of the following year. Currently housed at 3565 North 7th Street in North Central Philadelphia, the mission of the organization is to "investigate and research the most pressing problems confronting our community, and then resolve them as adequately as possible."

Over the past eleven years Centro Pedro Claver has served the Hunting Park Neighborhood as well as the Latino Community of North Philadelphia by assisting over 300 families become homeowners, by providing social services and advocacy resources to 10,000 families, and by providing employment opportunities for more than 380 young people.

#### HUNTING PARK COMMUNITY DEVELOPMENT CORPORATION

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

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

#### MANOS UNIDAS COMMUNITY LAND TRUST

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

#### NORRIS SQUARE CIVIC ASSOCIATION

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

#### NUEVA ESPERANZA

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

### The Need for Ceiba

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

### Ceiba Projects

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

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

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

The Norris Square Civic Association has targeted producing 46 units, twenty units are for rental the others are mixed use. Over 18 units have been acquired with the others going through the condemnation process. In addition to these housing endeavors NSCA has acquired three abandoned bank buildings on the 2000 block of Front Street for cultural and economic development ventures.



Nueva Esperanza is seeking a mortgage for a 5 unit low-mod. income senior citizens rehabilitation project at 2400 N 2nd St. Property Acquisition has begun at 2402 N. 2nd for a 6 unit senior citizen project. 1727 Hancock has been acquired for the purposes of developing a 35 unit cooperative with 3 community/economic development enterprises there are 3 scattered site projects and the 2nd St. laundromat a \$300,000 commercial enterprise in conjunction with PCDC.

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

### Project objectives / methodology

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

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

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

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

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

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

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

## Project Budget

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

Ceiba staff-housing developer	\$ 35,000
Computerization	\$ 45,000
Operational support (\$25,00 x 6)	\$ 150,000
	<hr/>
	\$ 230,000.

## Computer Hardware

### \*Borinquen Federal Credit Union

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

Total \$ 8,500.00

### \*Other Organizations

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

\$ 4,000.00

\$ 20,000.00

Total \$28,500.00

\*Recommended: IBM Compatible or IBM

Nueva Esperanza  
Board of Directors 1990

Mr. Neftalí Ortíz, M.D. President  
Psychiatrist, Professor Jefferson Hospital  
Philadelphia, PA

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

The Rev. Héctor Colón, Secretary  
Pastor of El Mesías, United Methodist Clergy

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

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

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

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

Staff:

The Rev. Luis Cortés, Executive Director  
American Baptist Clergyman

Mrs. Rose Mary Palomino, Administrative Assistant

Mrs. Rosa Reyes, Office of Community Development

BORINQUEN FEDERAL CREDIT UNION  
Three Year Plan of Operation  
January, 1990 to December, 1992  
Prepared for NCUA

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

We visualize this process in four goals:

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

I. Internal Re-structuring - January, 1990 to June, 1990.

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

A. Board of Directors

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

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

1. Credit Committee

- a) conduct a workshop on credit committee rules, regulations, procedures and goals for BFCU specifically
- b) develop a written plan with measurable goals and time-tables
- c) revise loan policies(to increase number of loans and to expand the loan portfolio)

1. Credit Committee - cont.

- d) revise collection policies and procedures to:
  - (1) collect delinquent loans that have been charged off
  - (2) collect loans that may become delinquent
  - (3) select individuals who will be in charge of home visits for the last attempt in the collection of the charge off loans
- e) meet with staff to identify the information needed for a promotional package for loan services
- f) develop a pre-scheduled calendar of events and a tool for monitoring and evaluation
- g) review loan files for accuracy and efficiency

2. Supervisory Committee

- a) identify new members for the committee
- b) conduct a workshop on rules, regulations and procedures for members of committees
- c) conduct supervisory examination
- d) meet with the board to discuss results of supervisory examination
- e) develop a pre-scheduled calendar of events and a tool for monitoring and evaluation

3. Ad-Hoc Committee on Education/Promotion

- a) develop an education and promotional plan for the overall services of the credit union
- b) identify resources to implement the plan
- c) develop materials to conduct a promotional campaign
- d) develop a pre-scheduled calendar of events with the tools for monitoring and evaluation
- e) conduct at least three educational workshop on cooperativism for members and/or potential members.

4. The Board of Director as a Body

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

B. Staff

- 1) assess client needs for services and develop a plan to implement and/or expand services, including assessment of business hours.
- 2) conduct a self-evaluation on effectiveness and efficiency as it relates to work load and present it to the board for evaluation and recommendation.
- 3) develop a plan for computerization of accounts and operations.

C. Office

- 1) review files and develop a more efficient filing system (space, time and record organizing).
- 2) organize office space to be more efficient, effective and time saver.
- 3) identify minimum equipment and furniture needed to accommodate office and service needs.

## II. Budgeting and Financial Monitoring - Starts in January, 1990 - On-going

- A. Develop a three year realistic budget for operations and a monitoring system. (see attached)
- B. Maintain close control on investment policies and make a projection analysis on investment.
- C. Make a projection analysis on loans and the effect on income.
- D. Identify possible minimum service charges.

### Projected Income from Operations at Actual Level of Growth

<u>1990</u> Loans -	based on an increase of \$5,000.00 monthly at an average rate of 10.9% (10.8% old loans-11% new loans)	\$14,346.00
Investments -	based on an steady level because new deposits will be loaned out.	\$40,716.00
Affordable Service Charges -	based on membeship fees, monthly service charge per account, insurance fee and loan application fee. Some of these fees are already in placed and will be increased, some will be added now.	5,087.00
		<hr/> \$60,149.00
<u>1991</u> Loans -	based on an increase of \$10,000 monthly at an average rate of 10.9%.	\$24,520.00
Investments -	based on an monthly based \$5,000.00 over previous year.	41,394.00
Affordable Service Charges -	based on the above	9,550.00
		<hr/> \$75,464.00
<u>1992</u> Loans -	based on an increase of \$15,000 monthly at an rate of 11%.	\$41,520.00
Investments -	based on the above	42,198.00
Affordable Service Charges -	based on the above	11,482.00
		<hr/> \$95,200.00



The figures mentioned in the preceding page represent a conservative projection based on the actual growth and a limited marketing campaign and results.

### III. Marketing - April, 1990 to December, 1990

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

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

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

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

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

### IV. Diversification of Services \_ July, 1990 - On-going

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

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

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

How are we going to survive, while increasing income and decreasing dependency?

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

- A. to be able to identify resources to support the operations of the credit union, while working on self-sufficiency.
- B. to identify ways of increasing income from operations without alienating ourselves of the socio-economic reality of our members and the community we serve.

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

Objective A.

- 1. Philadelphia Foundation has verbally committed a three year challenging grant, which is expected to be over the \$15,000.00 they granted us in 1989. A proposal was submitted on January, 1990 for a \$75,000.00 grant, \$25,000.00 a year.
- 2. Fidelity Bank has verbally committed itself to continue supporting us for the next three years. For 1990 they approved \$27,560.00. We are expecting the same level of support for the following two years.
- 3. Philadelphia National Bank (PNB) has committed its support for the following three years, at least at the same level of funding (\$10,000.00), although they may increase it.

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

Objective B.

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

Objective B. - cont.

2. BFCU will be working with five other Latino Community Development Organizations on negotiating joint venture projects like the above with other banks. This will increase the ability of the credit union to receive fee for services which will not necessarily affect the pocket of the members, expand the services of the credit union without increasing costs and increasing the asset base. Part of these negotiations will be for non-member deposits also.
3. We will also be working with Philadelphia Rehabilitation Plan (PRP) to re-activate Home Improvement Loan Fund. PRP will pay BFCU a fee for each client that is referred who will be able to match a grant with one of our loans to improve their homes. This will have a double effect because besides the fee we will receive, this will increase our outstanding loans.
4. Along with these negotiations we are also including the resources BFCU will need to be able to accommodate increase in daily operations load. Actually we are negotiating with PNB a computer system and grant money for a staff person to become a loan officer. Also they will provide technical assistance and training, as well as serve as liaison to other institutions that can support us.

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

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

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

PROJECTED BUDGET 1990

Projected Income:

Fidelity Bank	\$27,560.00
Philadelphia Foundation	25,000.00
Philadelphia National Bank	10,000.00
Income from Operations	<u>60,000.00</u>

Total Projectd Income	\$122,560.00
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Projected Expenses:

Operational Expenses:

Space Rental	\$5,100.00	
Utilities	1,500.00	
Telephone (including installation)	1,200.00	
Office Expenses	800.00	
Printing/Duplicating	500.00	
Promotion	800.00	
Postage	800.00	
Legal Fees	2,000.00	
Audit	800.00	
Association Dues	2,000.00	
Insurance	2,500.00	
Fed. Sup./Examination	600.00	
Annual Meeting	700.00	
Loan Servicing Expenses	600.00	
Travel/Training	500.00	
Misc. Expenses	<u>500.00</u>	
Sub-Total		\$20,900.00

Extraordinary Expenses:

Equipment( not including computer system)	1,500.00	
Collection Expenses	<u>500.00</u>	
Sub-Total		2,000.00

Personnel Expenses:

Staff (Full and Part-Time)	53,700.00	
Fringe Benefits	<u>9,700.00</u>	
Sub-Total		<u>63,400.00</u>
Sub Total Operations		86,300.00
Require transfer to reserves		8,260.00
Projected Dividends (4%)		<u>28,000.00</u>
Total Projected Budget		\$122,560.00

PROJECTED BUDGET 1991

Projected Income:

Fidelity Bank	\$19,400.00
Philadelphia Foundation	25,000.00
Philadelphia National Bank	12,000.00
Income from Operations	<u>75,000.00</u>

Total Projected Income: \$131,400.00

Projected Expenses:

Operational Expenses:

Space Rental	\$5,700.00	
Utilities	1,000.00	
Telephone	1,000.00	
Office Expenses	900.00	
Printing/Duplicating	600.00	
Advertising	800.00	
Postage	900.00	
Legal Fees	1,000.00	
Audit	800.00	
Association Dues	2,800.00	
Insurance	3,000.00	
Fed. Sup./Examination	700.00	
Annual Meeting	800.00	
Loan Servicing Expenses	800.00	
Travel/Training	500.00	
Misc. Expenses	<u>600.00</u>	
Sub-Total		\$21,900.00

Extraordinary Expenses:

Equipment	\$1,000.00	
Collection Expenses	<u>500.00</u>	
Sub-Total		1,500.00

Personnel Expenses:

Staff (Full and Part-Time)	\$57,000.00	
Fringe Benefits	<u>10,000.00</u>	
Sub-Total		<u>67,000.00</u>
Sub-Total Operations		90,400.00
Require transfer to reserves		9,000.00
Projected Dividends (4%)		<u>32,000.00</u>
Total Projected Budget		\$131,400.00

PROJECTED BUDGET 1992

Projected Income:

Fidelity Bank	\$15,000.00
Philadelphia Foundation	25,000.00
Philadelphia National Bank	13,100.00
Income from Operations	<u>90,000.00</u>

Total Projected Income: \$143,100.00

Projected Expenses:

Operational Expenses:

Space Rental	\$6,100.00	
Utilities	1,100.00	
Telephone	1,100.00	
Office Expenses	1,200.00	
Printing/Duplicating	700.00	
Advertising	1,000.00	
Postage	1,000.00	
Legal Fees	1,500.00	
Audit	900.00	
Association Dues	3,000.00	
Insurance	3,500.00	
Fed. Sup./Examination	800.00	
Annual Meeting	900.00	
Loan Servicing Expenses	1,000.00	
Travel/Training	600.00	
Misc. Expenses	<u>700.00</u>	
Sub-Total		\$25,100.00

Extraordinary Expenses:

Equipment	\$1,000.00	
Collection Expenses	<u>500.00</u>	
Sub-Total		1,500.00

Personnel Expenses:

Staff (Full & Part-Time)	\$60,000.00	
Fringe Benefits	<u>10,500.00</u>	
Sub-Total		<u>\$70,500.00</u>
Sub-Total Operations		\$97,100.00
Require transfer to reserves		10,000.00
Projected Dividends		<u>36,000.00</u>
Total Projected Budget		\$143,100.00

## PROPOSAL SUMMARY

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

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

To accomplish our goals we are asking The Philadelphia Foundation a three year grant of \$75,000.00, \$25,000.00 per year for general support.

## FUNDING REQUEST AND PLANS FOR THE COMING YEAR

### A. BRIEFLY STATE THE ORGANIZATION'S PURPOSE

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

- Goal 1: Becomes an alternative banking system for the poor and moderate income Puerto Rican/Latinos, who traditionally banking institutions have not been able to serve.
- Goal 2: Serve as a mechanism to educate the community on financial aspects such as the importance of credit, saving and investment in a cooperative manner, to be able to improve their individual and collective (community) socio-economic conditions.
- Goal 3: Promote and/or coordinate economic development ventures with other community development organizations. Serve as a link to other financial institutions and resources outside the community that can finance and/or support large projects.

### B. EXPLAIN THE CURRENT NEED OR PROBLEM

Since 1960 Puerto Rican/Latinos living in lower North Philadelphia have been pushed out of the economic mainstream, through a complete isolation of the overall socio-economic and political structure of the City of Philadelphia. The influx of Puerto Rican/Latinos in this area created a rapid rate of racial change, accelerated by illegal real estate practice of "panic peddling" and "block busting". This situation has worsen with the closed down of many factories and the shift in the economy from an industrial to a service oriented based economy. Puerto Rican/Latinos as



well as other minorities living in this area have been unable to cope with this economic change, as the majority have become unemployed and displaced. Commercial strips have deteriorated and corner stores have closed as the general population has declined and shopping habits have change in favor of the big shopping malls. As business deteriorated most banks in the area began to withdraw from this poorest neighborhood of the city. These economic realignments are still being played out, and the trends of neighborhood deterioration continuous to increase. These conditions and the lack of financial institutions that can support and serve the community's financial needs is one of the biggest impediment for the participation in the mainstream. Consequently, this has influenced on the deterioration of the area. Therefore, if within the next three years, the growing Puerto Rican/Latino community of Lower North Philadelphia does not find some alternatives to gain access to the economic stream of the city, more than 100,000 residents of the area will continue to live in very deplorable physical, psychological, and moral conditions. To that end, Borinquen Credit Union (BFCU) was created on May of 1974 to service the financial needs of the Puerto Rican/Latino population as well as other low-income individuals living within the credit union boundaries. BFCU is bounded in the north by Roosevelt Blvd., on the south by Spring Garden, on the east by Front Street and on the west by 9th St.

BFCU has more than 1200 members, mostly low income Latinos. It provides personal and home improvement loans, share accounts, check-cashing and referral for mortgage and other housing services.

Although BFCU has been in existence for 15 years, in 1986 it was liquidated by the National Credit Union Administration. Poor record keeping, high percentage of delinquent loans and missapropriation of funds were the main reasons of this crisis. For the last three years we have been basically working in the reconstruction of this institution. After solving most of the problems of the past, we have now the task of developing this institution into a stable and sound financial institution for the benefit of the community.

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

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

Goal 1:

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

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

2. Supervisory Committee

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

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

3. Training sessions for Board of Directors

- a. Schedule training sessions to secure full participation of members, including a one day planning retreat.
  - b. Identify trainers and sites for training sessions.
  - c. Develop informational package for training.

This task will be the responsibility of the president of the board with the secretary. Technical assistance will be requested from the Federation. Support will be also requested from the banks. 2/90 - 12/90

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

- a. Prepare a list of needs and timetable.
- b. Develop a three year budget based on real needs.
- c. Develop a comprehensive proposal.
- d. Identify potential funding sources and meet with them.
- e. Submit proposals and do follow-up.

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

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

- a. Develop and income and expenses statement with variables (interests, investment income, non-member deposits income, fees & charges, etc. compare to cost of money).
- b. Make projections based on increase in loan base, investment base, dividends, etc.
- c. Develop a budget based on real needs to afford expansion and a goal.
- d. Implement a good promotional campaign to meet the goal.

This task will be the responsibility of the manager with the support of the treasurer, the credit committee and the educational/promotion committee. Technical assistance will be requested from the Federation and the banks. 1/90 - 12/90

6. Develop a plan to computerize the operations of the credit union.

- a. Identify the package that will fullfill the needs of the credit union and will allow space for growth.
- b. Prepare a budget including equipment, soft-ware, training and input time.

- c. Develop a proposal to fundraise the money.
- d. Develop a plan to implement the process  
(preparation of records, input time, back-up system, testing, etc.)

This task will be the main responsibility of the president of the board and manager but will request the participation of all the board and staff as well as the identification of members who are literate in computers. Technical assistance will be requested from the banks as well as economic support. We will also request the technical assistance of the Federation. 1/90 - 3/90

7. Develop and implement new services to be provided to the members (ie... other saving alternatives, mortgage services, etc.)

- a. Identify the rules and regulations to provide these services.
- b. Prepare a cost analysis and demand for the proposed services.
- c. Identify the human resources needed and time to provide the service.

This task will be the responsibility of the manager and the board as a body. 3/90 - 12/90

8. Train full time staff

- a. Computer literacy and the applicability to the credit union.
- b. New services, the rules and regulation and the actual procedures.
- c. Up date on new regulations and procedures of the National Credit Union Administration.

This task will be the responsibility of the manager. Technical Assistance will be requested from the banks and the Federation. On going process

Goal 2:

1. Create an ad-hoc committee for education and promotion

- a. Identify members for the committee.
- b. Select areas to be covered by the committee.  
(Cooperativism and poor communities, economic empowerment, etc.)
- c. Recruit individuals to provide workshops and prepare a timeline.
- d. Develop a list of individuals and institutions to benefit from these workshops.
- e. Conduct a promotional campaign around these workshops.
- f. Develop materials for promotion to address the community in general for membership drive (brochures, posters, flyers)
- g. Develop a plan for promotion to include:  
Latino media, community organizations, churches, area businesses and members.
- h. Implement educational and promotional campaign with the goals of increasing membership, increasing asset base, increase level of outstanding loans and improve saving pattern of members.

This task is scheduled for 2/90 to 10/90. Responsible for its implementation will be the chair of the educational committee and the committee members in conjunction with the manager. Technical assistance and financial support will be requested from the banks, the Federation and the Latino media.

Goal 3:

1. Continue meeting with Ceiba\* to create a comprehensive development plan for our service area.
2. Meet with outside institutions to address the issues of desinvestment and how to develop alternatives for investment.
3. Maintain the interest in developing BFCU as one of the most important components of any development plan for our community.

This task will be the responsibility of the manager with active input from the board. This is an ongoing process

D. DISCUSS THE ACTIVITIES PLANNED, INCLUDING TIMETABLE, NUMBER OF STAFF, AND NUMBER OF OTHER PEOPLE TO BE INVOLVED: DESCRIBE YOUR ORGANIZING OR ADVOCACY STRATEGY, IF APPROPRIATE.

This question was already address in part C because it was easier to explain in a comprehensive way.

E. DESCRIBE THE WAYS YOUR ORGANIZATION EMPOWERS CONSTITUENTS BASED ON THE FOLLOWING FIVE POINTS:

1. primarily benefits low-income and/or minority communities:  
BFCU's membership is 99% Latinos, of which 33% live in an income base of \$5,000.00 a year and 22.9% lives with an income between \$5,001.00 and \$10,000.00 a year.
2. has an organizational structure that...  
As a membership organization, BFCU is controlled by it's members who in an Annual Meeting select the board of directors that runs the organization. The staff and all committees are individual members of the credit union.
3. addresses the causes of problems affecting the group  
The main problem of the group is the economic limitations and the inability to access the financial institutions in the area, BFCU is providing that access and some economic alternatives to the members. Through the development of relationship with other financial institutions in the City, BFCU is serving as intermediary for the individuals who will never be able to access those institutions independently.
4. promotes collective action and mutual support in solving social and economic problems  
The credit union promotes the collective saving to benefit the individuals and the group, providing them the ability to make loans, invest and receive others services that other financial institutions will not provide them, even if they were in our community. BFCU is also working with other organizations in identifying and channeling economic resources to our community.

5. builds leadership skills and improves an individual's ability to assert control over his/her life while also helping others.

The fact that the credit union must be run by it's members provides the individuals a great opportunity for leadership, development of skills, professional challenge and a learning experience otherwise they may never have it in management, lending and other areas.

F. DESCRIBE COOPERATIVE EFFORTS WITH OTHER LOCAL ORGANIZATIONS

During the last year BFCU has been part of a group called Ceiba (an association of community based and controlled Latino organizations working together to achieve responsible economic development in our service area. This group is composed of Centro Pedro Claver, Norris Square Civic Association, Nueva Esperanza CDC, Hunting Park CDC, Manos Unidas Land Trust y BFCU.) Among our goals is the development of a collective effort to address the issues of desinvestment, isolation and lack of access to the economic stream of the City. One of the group priority is the development of BFCU as a strong financial institution in our community.

G. EVALUATION

Goal 1:

These objectives within this goal provide the infrastructure necessary to function and survive as a solid financial institution. The results will be evaluated based on the following:

- \* Increase in loans by 15% from previous year.



- \* General membership increase by 25% from previous year.
- \* Organizations membership expand to at least 8.
- \* Daily operations computerized.
- \* All members of the board actively participating in committees.
- \* At least have two new services for members

#### Goal 2:

These objectives will be evaluated based on the following:

- \* Creation of a functional educational committee.
- \* Conduct at least 3 workshops.
- \* Complete a promotional package.
- \* Conduct a promotional campaign that will positively address goal 1.

#### Goal 3:

These objectives will be evaluated based on the following:

- \* Our ability to work as a team in the development of a comprehensive plan for our service area with the other organizations of Ceiba, including BFCU as one of the important components.
- \* Achieve a commitment from at least one bank, one foundation, and the City to work with us in the implementation of the plan.
- \* Our ability to devote to Ceiba a reasonable % of our time to make it work, as a needed resource in our community.

### YEAR TWO AND YEAR THREE

We are not submitting specifics about these two years because the most important is how effective we are in developing the infrastructure the first year of this plan. The following two years we will need support while our efforts of expansion are fruitful and as a result our income increases to a reasonable amount to run the operations.

Borinquen Federal Credit Union  
Project Up-date  
April 20, 1990

Outputs

I. Reorganize board of directors of BFCU and committees.

1. It has been accomplished from a to d as projected(see February and March reports).
2. The new board had an extraordinary general assembly on 4/8/90 to discuss the following:
  - a) the specific reasons for moving the credit union to a new site, to avoid misunderstanding and mistrust of instability.
  - b) to educate the membership on new loan policies and procedures
  - c) to motivate the membership to help the board in the promotion campaign.
3. The credit committee developed the new credit policy that will start to be implemented on May. Also they have been meeting in a weekly basis, approving loans within a one week of the application, doing reports, reviewing the loan records and preparing the needed records to collect written off loans(collection will start in May as projected).
4. The supervisory committee was choosen, and a workshop was conducted for the board to understand this committee's task.
  - a) the verification of accounts is in the process(members are responding to the letters). Verification deadline is April 30, 1990.
  - b) a new auditor has been contacted to perform supervisory examination(should be conducted by 6/30/90). Supervisory committee members will be trained by the auditor.

II. Create an ad-hoc committee for education and promotion. The committee was created:

- a) developed an educational and promotional plan that was presented of the general assembly to the members (see March report).
- b) a Spanish article was written to be published in one of the community newspapers (see attached).

III. Develop a plan to computerize the operations of the credit union.

- a) funds were secured for the computers
- b) bids have been accepted from four companies(for equipment installation, training and service).
- c) plan for computerization was also secured from a company that sales software for credit unions and provide training.

IV. Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants:

- a) plan was developed(see March report)
- b) meeting took place with Philadelphia Rehabilitation Plan(PRP), a development city-wide organization that packages rehabilitation of units with a combination of subsidy and loans. They have requested the support of BFCU to serve the Latino community through join ventures projects.
  - 1. BFCU will refer qualify candidates for their program (each completed and approved application will produce \$300.00 for BFCU).
  - 2. PRP will refer candidates to BFCU for home improvement loans. The loan plus the approved subsidy will be deposited in BFCU while renovations are performed. BFCU will not have to pay interest for deposits.
  - 3. PRP is willing to make a non-member deposit at BFCU to match funds deposited on members accounts who qualify for the program.
- d) contact has been made with Continental Bank to develop a contract for mortgage counselling. After agreement is signed Continental will pay BFCU \$150.00 for each mortgage approved.
- d) negotiations are taking place with Philadelphia National Bank(PNB) to develop an agreement for BFCU to take mortgages application for the bank. PNB will pay BFCU for each application completed and submitted(no fee has been negotiated yet).
- e) BFCU has secured a deposit from the City of Philadelphia for \$50,000.00 at 4%, which BFCU has invested on an 8% CD.
- f) BFCU will submit an application to the Ford Foundation for a 2½% deposit (\$10,000.00).

V. Develop and implement a funding plan to subsidy the operations of the Credit Union for the next three years, while implementing a plan for self-sufficiency;

- a) plan was developed(see March report)
- b) a proposal was submitted to Philadelphia Foundation(a verbal commitment for three years was already given by the board of the foundaitons). Written commitment is expected at any time in April(should be around \$20,000 a year).
- c) a meeting took place at Fidelity Bank on 4/12 to discuss our plans with the new person appointed for community reinvestment. He gave us the verbal commitment that although they are having losses(they closed 9 branches this month); the grant of BFCU (\$27,000) for this year is secured. He said that he will support BFCU for 1991 and 1992, although the amount of support will depend on the situation of the bank. However, he mentioned that he has a lot of respect for the work of BFCU and will communicate this to his boss.
- d) On conversation with PNB, <sup>we</sup> <sup>were</sup> <sup>informed</sup> that BFCU is in their budget for grants for 1990, probably of the same level of last year(\$10,000.00). This grant is independent of the computers.

VI. Determine regular training sessions for the board on the C.U. day to day operations.

- a) training sessions have been conducted on general responsibility of the board, supervisory committee and credit committee.
- b) discussion have taken place with a representative from Meridian Bank about the needs of subsidizing some training sessions for board members of community development Credit Union. This will be presented to the PHILCUP group(Phila. banks and Credit Union) for discussion on May 5th.
- c) board members have been training on tellering services and how to evaluate loans applications.

VII. Develop and implement new services to be provided to the members .

- although it has been informally discussed in board meetings we have not done any research on possible alternatives for CD's, saving clubs, etc.
- as mentioned above we have been exploring the ways of providing other services to the members such as mortgage counselling, referral for home improvement subsidized programs, etc.

VIII. Train full time staff in the following:

- training is pending final agreement with banks and PRP.
- training on NCUA report have been provided to the Assistant Manager.

IX. Meet with other community economic development organizations to develop a plan for the community.

- a) a series of meetings have been held at the management level to discuss need of the organizations, needs of the community and how are we going to work together to accomplish our goals.
- b) a two day retreat was held to discuss our mission as community development organization and how we can better effect the work in the community in an organized manner.
- c) other meetings will be held in April and May with the boards of the six organizations involved in the process.
- d) a preliminary plan has been developed primarily for housing development and home ownership promotion.

X. Meet with outside institution to address the issues of disinvestment and how to develop alternative investment.

- a) meeting and negotiations have been conducted with Mellon Bank and Philadelphia National Bank. A lot of emphasis have been given to investment on housing and business development.
- b) the credit union has been playing an important role in the entire process.
- c) meetings have also taken place with government agencies and with some foundations.

¿Qué es Cooperativismo?

Cooperativismo significa esfuerzo común para el beneficio de todos. Ayuda mutua con esfuerzo propio.

¿Qué es la Cooperativa de Ahorro y Crédito Borinquen?  
(Borinquen Federal Credit Union)

La Cooperativa de Ahorro y Crédito Borinquen es una organización financiera comunal, regulada por el Gobierno Federal con el propósito de proveer servicios de ahorro y crédito entre sus socios. El capital de trabajo es aportado por un grupo de personas llamadas socios. Este capital se deposita en forma de acciones. El dinero depositado o capital es usado por los socios en forma de ahorros o préstamos para diferentes necesidades económicas.

La cooperativa es propiedad de los socios, es administrada por los socios a través de una Junta de Directores, compuesta por personas electas en la asamblea anual de socios de la cooperativa. Los reglamentos internos son desarrollados por la junta siguiendo las regulaciones del Gobierno Federal.

En la cooperativa, cada socio tiene los mismos derechos y obligaciones independiente del capital aportado. Un socio, un voto.

¿Quiénes son los socios?

Son personas dentro de un grupo determinado en la cooperativa. En Borinquen, es la comunidad del norte de Filadelfia, que después de aceptar los reglamentos establecidos para la organización aportan parte de su dinero y se convierten en socios de la cooperativa.

¿Qué son acciones?

Las acciones es el dinero que los socios depositan para formar el capital de la cooperativa. Una acción equivale a cinco dólares. Un individuo necesita un mínimo de una acción para ser socio. Se recomienda depositar un mínimo de una acción mensual para mantener un crecimiento económico moderado en la cooperativa y para establecer un patrón de ahorros en los socios.

¿Cómo se utiliza el dinero de la cooperativa?

1. Se presta a los socios que cualifican.
2. Parte del capital se invierte en Bancos y Cooperativas y recibe intereses.
3. Algún dinero se deposita como reserva para garantizar los préstamos y el capital de la cooperativa.
4. Una parte de los ingresos se utiliza en gastos administrativos y operacionales como, alquiler, calefacción, electricidad, etc.
5. Otra parte se mantiene como cuenta corriente para el desembolso regular de los socios.

¿Qué son dividendos?

Dividendos es la cantidad de dinero que se distribuye entre los socios cuando la cooperative tiene ganancias. Los dividendos se determinan después de pagar todos los gastos de la cooperativa y aportar a las reservas que exige la ley. El sobrante se divide entre todos los socios en base al capital invertido, determinando el porciento a pagar por las acciones. Los dividendos no son fijos y dependen del movimiento económico de la cooperativa durante el año. Son distribuidos anualmente.

¿Cómo la cooperativa produce ganancias?

1. Intereses que pagan los préstamos de los socios.
2. Intereses que reciben del capital invertido.
3. Venta de giros postales.
4. Cargo por servicios.

¿Pierde dinero la cooperativa?

Las acciones que usted deposita estan garantizadas por el gobierno federal hasta los cien mil dólares, no importa lo que pase su dinero está seguro.

La cooperativa pierde dinero cuando:(no tiene ganancias)

1. Los socios no pagan los préstamos a tiempo.
2. Cuando los socios no depositan un minimo de una acción mensual.
3. Cuando los socios no participan en los trabajos de la cooperativa.
4. Cuando los socios no solicitan préstamos.
5. Cuando los socios sobre utilizan los servicios.



¿La cooperativa paga intereses por ahorro?

La cooperativa no tienen cuenta de ahorro regular, sólo tienen cuenta de acciones. La inversión de capital no paga intereses, paga dividendos. A medida que la cooperativa se desarrolle y pueda añadir otros servicios tendrán cuentas de ahorro que pagan intereses. No pagamos intereses pagamos dividendos cuando hay GANANCIAS.

#### Responsabilidad de los socios

1. Trabajar como grupo para el desarrollo de la cooperativa.
2. Participar en la asamblea de socios y saber como se administra la cooperativa.
3. Promover la cooperativa entre sus familiares, amigos, iglesias e instituciones de la comunidad.
4. Patrocinar la cooperativa usando los servicios que ofrecemos.
5. Ahorrar regularmente por lo menos cinco dolares mensuales.
6. Respetar el horario de la cooperativa.
7. Pagar los préstamos a tiempo-Recuerde el dinero pertenece a otros socios, personas de esta comunidad.
8. Tratar a los socios y empleados con cortesia, respeto y consideración.
9. Mantener su dirección y teléfono correcta en la cooperativa.
10. Promover una imagen positiva de la cooperativa.
11. Recordar que la cooperativa no es tuya, ni mia, es NUESTRA.

¿Que beneficios puede ofrecer la cooperativa a nuestra comunidad Latina?

1. Es una institución financiera nuestra, regulada y administrada por nosotros para llenar las necesidades financieras de nuestra comunidad.
2. Puede ser un elemento primordial para el desarrollo económico de la comunidad Latina de Filadelfia.
3. El dinero que depositan se queda en nuestra comunidad y puede ser invertida en mejorar nuestro barrio.
4. Recibes los servicios gratis o a precios módicos apropiados para tus ingresos.

Su dinero esta garantizado y asegurado por el gobierno. No tienes que pagar por guardarlo, al contrario recibes

beneficios por tenerlo guardado. Además, eres dueño con los demás socios de la cooperativa de una institución financiera. El desarrollo y crecimiento de la institución depende de ti al igual que de los demás socios y no de fuerzas externas.

Que servicios ofrece nuestra cooperativa?

1. Servicios de ahorro en Cuenta de Acciones.
2. Prestamos
  - \* Personales
  - \* Personales garantizado por acciones
  - \* Prestamos para mejoras en el hogar
3. Cambio de cheques-para el socio y un miembro adicional de la familia.
4. Giros postales
5. Información sobre prestamos a intereses bajos para mejoras del hogar o subsidio ofrecido por otros programas para reparaciones mayores a su hogar. Los referidos necesarios para estos programas.
6. Orientación para hipotecas y compra de casas.

Horario para el Público

Lunes -----Cerrado  
Miercoles -1:00-4:00---Solicitud de Prestamos

Martes-----1:00-4:00---Servicios generales  
Jueves-----1:00-6:00---Servicios generales  
Viernes----1:00-4:00---Servicios generales

TELEFONO 425-8119  
Estamos localizados en el 2757 norte de la calle 5ta.  
(Entrada por la calle Somerset)

El comité educativo de la Junta de Directores de la cooperativa exhorta a las organizaciones comunales, iglesias, comerciantes y público en general a participar y patrocinar el desarrollo de la única institución financiera perteneciente a la comunidad Latina de Filadelfia.

La Cooperativa de Ahorro y Crédito Borinquen

Ni tuya.....Ni mía.....Nuestra!

Recuerde el futuro depende de ti, de nosotros..., de nuestro esfuerzo..., crecer y desarrollarnos depende de nosotros para orgullo comunal.

**BORINQUEN FEDERAL CREDIT UNION**

**"An alternative financial institution  
for the Puerto Rican/Latino population"**

**December 1989**

**Project Contract**

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Presented to:

David Miller  
Community Economic  
Development Program  
New Hampshire College

Prepared by:

Socorro Rivera  
Jose A. Rivera-Urrutia

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## Project History

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Since 1960 Puerto Rican/Latinos living in lower North Philadelphia have been pushed out of the economic mainstream, through a complete isolation of the overall socio-economic and political structure of the City of Philadelphia. The influx of Puerto Rican/Latinos in this area created a rapid rate of racial change, accelerated by illegal real estate practices of "panic peddling" and "block busting". This situation has worsen with the closed down of many factories and the shift in the economy from an industrial to a service oriented base economy. Puerto Rican/Latinos as well as other minorities living in this area have been unable to cope with this economic change, as the majority have become unemployed and displaced. Commercial strips have deteriorated and corner stores have closed as the general population has declined and shopping habits have change in favor of the big shopping malls. As business deteriorated most banks in the area began to withdraw from this poorest neighborhood of the city. These economic realignments are still being played out, and the trends of neighborhood deterioration continuous to increase.

These conditions and the lack of a financial institution who can support and serve the community's financial needs is one of the biggest impediment for the participation of the mainstream. Consequently, this has influenced on the deterioration of the area. Therefore, if within the next three years, the growing Puerto Rican/Latino community of Lower North Philadelphia does not find some alternative to gain access to the economic stream of the city, more than 100,000 residents of the area will continue to live in very deplorable physical, psychological, and moral conditions.

To that end, Borinquen Federal Credit Union(BFCU), is a community based institution chartered on May of 1974 to service the financial needs of the Puerto Rican/Latino population as well as other low income individuals living within the credit union boundaries. BFCU is bounded on the north by Roosevelt Blvd., on the south by Spring Garden, on the east by Front street and on the west by 9th Street.

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## Project History-Cont.

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BFCU has more than 1300 members, mostly low-income Latinos. It provides personal and home improvement loans, share accounts, check-cashing and referral for mortgage services.

Although, BFCU has been in existence for 15 years, in 1986 it was liquidated by the National Credit Union Administration (NCUA). Poor record keeping, high percentage of delinquent loans and misappropriation of funds were the main reasons of this crisis. For the last three years we have been basically working in the reconstruction of this institution. After solving most of the problems of the past, we have now the tasks of developing this institution into a stable and sound financial institution for the benefit of the community.

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## Project Goal

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The goal of this project is to develop a mechanism that can provide Puerto Rican/Latinos in the lower North Philadelphia access to the economic streams of the city, in an attempt to start reversing, within the next three years, the deplorable socio-economic conditions of this poor community, comprised of about 110,000 residents.

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## Project Purpose

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The purpose of this project is to develop the infra-structure of BFCU, a local financial institution, a credit union, in Lower North Philadelphia, that can provide some access to Puerto Rican/Latino as well as other minorities in the area to the economic stream of the city. This credit union can serve three purposes:

- Objective 1: Becomes an alternative banking system for the poor and moderate income Puerto Rican/Latinos, who traditionally banking institutions have not been able to serve.
- Objective 2: Serve as a mechanism to educate the community on financial aspects such as the importance of credit, saving and investment in a cooperative manner, to be able to improve their individual and collective (community) socio-economic conditions.
- Objective 3: Promote and/or coordinate economic development ventures with other community development organizations. Serve as a link to other financial institutions and resources outside the community that can finance and/or support large projects.

## Project Outputs

Outputs	Objectives		
	1	2	3
°Re-organize the Board of Director's of BFCU and committees (Credit and Supervisory).	X		
<u>Credit Committee</u>			
a. Revise loans policy(to increase the number of loans and to expand the loans portafolio).	X		
b. Revise policy and procedures for loan collection.	X		
c. Select individuals to collect past delinquent loans already absorbed as losses by the Credit Union.	X		
d. Define in conjunction with the manager the information to be used for promotion.	X		
e. Collection efforts should start.	X		
<u>Supervisory Committee</u>			
a. Identify new members for the committee.	X		
b. Train the members in the procedures of the Credit Union.	X		
°Create and ad-hoc committee for education and promotion.	X		
<u>Education Committee</u>			
a. Identify members for the committee.	X		
b. Select areas to be covered by the committee (credits, purchase of a house, etc.).	X	X	
c. Recruit individuals to provide workshop		X	
d. Determine type of workshop, presentation, time, and place.		X	
e. Develop a list of people and institutions to benefit from these workshops.		X	
f. In conjunction with the promotion committee should develop the material to be presented at workshops, if necessary.		X	
g. Workshops should start.		X	



## Project Outputs-Cont.

Outputs	Objectives		
	1	2	3
<u>Promotion Committee</u>			
a. Identify members for the committee.	X		
b. Examine materials already used and adapt or develop new materials to be used.	X		
c. Review materials with manager, assistant manager and some members of the board.	X		
d. Determine the type of media to be used for promotion(TV, Radio, Newspaper, etc).	X		
e. Discuss with manager, Assistant manager, and the board the approach to be used and the promotion and timetable for implementation.	X		
f. Develop a marketing campaign using all of the above to address the following groups:	X	X	
* General public ( community)			
* Latino community organizations or institutions serving Latinos.			
* Other institutions.			
* Small businesses.			
°Develop a plan to computerize the operations of the Credit Union.	X		
°Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants.	X		
°Develop and implement a fundraising plan to subsidize the operations of the Credit Union for the next three years, while implementing a plan for self-sufficiency.	X		
°Determine regular training sessions for the board on the Credit Union day to day operations.	X		
°Conduct training sessions on the day to day operations.	X		
°Develop and implement new services to be provided to the members(other savings alternatives).	X		
°Train full time staff in the following:	X		
* Credit Union's report to NCUA			
* Mortgage Counselling			
* Credit analysis			
* Loan underwriting			

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## Project Outputs-Cont.

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Outputs	Objectives		
	1	2	3
°Meet with other community economic development organizations to develop a plan for the community			X
°Meet with outside institutions to address the issues of desinvestment and how to develop alternatives for investment.			X

## Project Timetable

Outputs	Timetable
°Re-organize the Board of Director's of BFCU and committees (Credit and Supervisory).	1/90-3/90
<u>Credit Committee</u>	
a. Revise loans policy(to increase the number of loans and to expand the loans portafolio).	3/90
b. Revise policy and procedures for loan collection.	3/90
c. Select individuals to collect past delinquent loans already absorbed as losses by the Credit Union.	3/90
d. Define in conjunction with the manager the information to be used for promotion.	4/90
e. Collection efforts should start.	5/90
<u>Supervisory Committee</u>	
a. Identify new members for the committee.	3/90
b. Train the members in the procedures of the Credit Union.	5/90
°Create and ad-hoc committee for education and promotion.	2/90
<u>Education Committee</u>	
a. Identify members for the committee.	2/90
b. Select areas to be covered by the committee (credits, purchase of a house, etc.).	3/90
c. Recruit individuals to provide workshop	4/90
d. Determine type of workshop, presentation, time, and place.	4/90
e. Develop a list of people and institutions to benefit from these workshops.	5/90
f. In conjunction with the promotion committee should develop the material to be presented at workshops, if necessary.	5/90-6/90
g. Workshops should start.	7/90-12/90

## Project Timetable-Cont.

Outputs	Timetable
<u>Promotion Committee</u>	
a. Identify members for the committee.	2/90
b. Examine materials already used and adapt or develop new materials to be used.	3/90
c. Review materials with manager, assistant manager and some members of the board.	3/90
d. Determine the type of media to be used for promotion(TV, Radio, Newspaper, etc)	4/90
e. Discuss with manager, Assistant manager, and the board the approach to be used and the promotion and timetable for implementation.	5/90
f. Develop a marketing campaign using all of the above to address the following groups:	6/90-8/90
* General public ( community)	
* Latino community organizations or institutions serving Latinos.	7/90-8/90
* Other institutions.	8/90-9/90
* Small businesses.	9/90-10/90
<sup>o</sup> Develop a plan to computerize the operations of the Credit Union.	1/90-2/90
<sup>o</sup> Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants.	1/90-2/90
<sup>o</sup> Develop and implement a fundraising plan to subsidize the operations of the Credit Union for the next three years, while implementing a plan for self-sufficiency.	1/90-6/90
<sup>o</sup> Determine regular training sessions for the board on the Credit Union day to day operations.	2/90
<sup>o</sup> Conduct training sessions on the day to day operations.	3/90-12/90
<sup>o</sup> Develop and implement new services to be provided to the members(other savings alternatives).	3/90-5/90
<sup>o</sup> Train full time staff in the following:	
* Credit Union's report to NCUA	1/90-3/90
* Mortgage Counselling	2/90
* Credit analysis	3/90
* Loan underwriting	4/90-5/90

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## Project Timetable-Cont.

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### Timetable

#### Outputs

°Meet with other community economic development organizations to develop a plan for the community

10/89-5/90

°Meet with outside institutions to address the issues of desinvestment and how to develop alternatives for investment.

2/90-12/90

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## Project Inputs

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This project require many overlapping of tasks; therefore, we are suggesting to divide these tasks as follow:

Socorro Rivera, Manager of Borinquen Federal Credit Union

She will be responsible for all staff education, fundraising, community development initiatives, negotiation with outside institutions, and development of new services.

Jose A. Rivera-Urrutia, President of the Board of Directors

He will be responsible for board trainings, committees related works (Credit, Supervisory, Educational, Promotion).

Our past three years working towards the survival of the BFCU has giving us the confidence that this project, as presented in this paper will be obtainable. We recognize that some tasks overlap and that some may be conflict; however, we believe that like in the past we will be able to move the project forward. If any conflict should arise, we will notify immediately the advisor.

In addition, we estimate the following individuals and resources necessary in the development of this project.

- \* Two full time staff
- \* Seven board members
- \* Eight volunteers
- \* Board trainer
- \* Office supplies
- \* NCUA policies and procedures
- \* Financial resources
- \* Other institutions(Banks, City, Community Organizations)

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## Project Evaluation

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### Objective 1

This objective provides the infrastructure necessary to function and survive as a solid financial institution. Most of the outputs identified under this objective will be considered a positive result. However, this objective can be evaluated in part by the promotion campaign. The results are as follow:

- °Loans- increase by 15% from the previous year.
- °General Membership- increase by 25% from previous year.
- °Organizations Membership- expand to a total of 8.

### Objective 2

This objective will be evaluated based on the following :

- °Creation of a functional educational committee.
- °Recruitment of four speakers for the workshops.
- °Conduct two workshops by 1990.
- °Achieve the goal of 50 members to participate in the workshops.

### Objective 3

This objective will be evaluated based on the following:

- °Include BFCU as an important component of the development plan.
- °Our ability to influence the other organizations in developing the plan (Have a workable development plan for the area of the community we serve together).
- °Achieve a commitment from at least one bank, one foundation, and the city representative to work with us on the implementation of the plan.

NEW HAMPSHIRE COLLEGE  
COMMUNITY ECONOMIC DEVELOPMENT NATIONAL PROGRAM  
PROJECT CONTRACT

BORINQUEN FEDERAL CREDIT UNION

FEBRUARY REPORT

Presented to:

David Miller

Prepared by:

Socorro Rivera

Jose A. Rivera-Urrutia



## PROJECT OUTPUT

## PROPOSED TIMETABLE

- \* Re-organize the Board of Director's of BFCU and committees(Credit and Supervisory).

1/90-3/90

- Task was accomplished during January.

BFCU Board structure is as follows:

President	Jose A. Rivera-Urrutia
Vice-President	Noelis Zavala
Secretary	Maria Sierra
Treasurer	Rosarito Marcano
Credit Comm.	Edma Lopez
Supervisory	Priscilla Curet
Credit Comm.	Helen Maldonado

- \* Credit Committee

- Committee was re-organized and training was provided on: Loan evaluation, Loan current policy and how policy is determined.

- Committee will meet on March to develop a new policy based on the actual needs.

- Analysis of written off loans was prepared to determine last resource collection procedures(home visits).

- \* Supervisory Committee

- Training on supervisory committee's responsibilities was conducted for the BFCU Board, to develop the awareness of skills needed in identifying members for this committee.

- New members were nominated and accepted by the BFCU Board.

- Manager will meet with committee chair to review examination requirement. Examination to be conducted in March.

- \* Education/Promotion Committee

- Board decided to merge both committees.

- Members of the committee were appointed

- Manager will meet with committee chair to discuss credit union needs on this area.

- Committee members are scheduled to meet for a brainstorm session on March 9, 1990.

- \* Develop a plan to computerize the operations of the Credit Union.

1/90-2/90

- Proposal was develop and submitted to Philadelphia National Bank(PNB) for equipment software and training, which was approved.

PROPOSED  
TIMETABLE

\* Computerization-cont.

-A detail plan will be developed for policies and procedures of implementation.

- \* Develop a plan to increase the income produce by the Credit Union to be able to decrease the dependency on grants

1/90-2/90

-It was submitted to the National Credit Union Administration on January 31, 1990.

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

1/90-6/90

-Fundraising Plan was combined with plan to NCUA.

-A three years proposal was submitted to the Philadelphia Foundation.

- \* Train full time staff in the following: credit union reports to NCUA, and mortgage loan application.

1/90-3/90

-Credit Union report to NCUA, training on-going.

-Mortgage loan application pending completion of negotiation with Banks, to provide training.

- \* Meet with other Latinos CED to develop a plan for the community.

10/89-5/90

-On-going monthly brainstorming sessions have been conducted to develop a long term plan.

-A short term plan has been developed which has been used in the negotiation with two local Banks.