



**CREDIT  
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# Build Credit. Build Financial Capability.

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in partnership with

NORTH SIDE COMMUNITY FEDERAL CREDIT UNION

## CWF Twin Accounts Program

**Loan Amount:** \$500

**Interest Rate:** 16%

**Term:** 12 months

**Monthly Payment:** \$45.00

**Match:** of each monthly on-time payment (up to \$500)

**Match Rate:** 1:1

**Savings Amount:** \$500

**Market:** Moderate- to low- income individuals with no or low credit scores and limited credit history



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# Twin Accounts

***Is my client a good fit?***



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# Twin Accounts *Good Fit?*

## Purpose of Twin Accounts?

- Credit building
- Savings accumulation
- Skills/Behavior building

## Capacity to Pay

■ \$45/month



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# Twin Accounts *Good Fit?*

## Score

- No Score/Insufficient Credit
- Score < 600, > 600

## Collections

- Total Collections
- Size of Collections
- Types of Collections: Medical, Student, Utility
- Potential for Judgment? Garnishment?



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# Twin Accounts *Good Fit?*

## Trades

- Closed Accounts/Collections/Xferred
- Active Accounts
  - Credit Cards
  - Car Loans
  - Delinquent/Modified Mortgage
  - Child Support
  - Student Loans - deferred
  - Number of Accounts



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# Twin Accounts *Good Fit?*

## Next steps:

- Fit Guidelines? Tip sheet? Criteria?
- CWF/Coach Responsibilities
  - Attend Bi-monthly meetings
  - Explain product(s) to client
  - Do all follow-up with clients
- Review process changes?



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# Twin Accounts Proposed Updates

## A sends B to C

- Application: Coach and Supervisor sign acceptance
- LISC receives/reviews application
- LISC forwards to North Side without credit report
- North Side emails coach -- ready to process
- Coach contacts client; client makes appointment
- Coach follows up with client
- LISC provides monthly payment and match statements  
Recommend: Update form – match, lost match, fun comment space!





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# Twin Accounts Logistic Updates

## Electronic Payments Options

- Payroll Deductions

- Online Bill Payments

Recommend: Form! Coach completes with client; submits with app; NSCFCU returns to borrower to bring to bank

- ACH not available



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# *Collections Facts*



# Collections

What is the best way to pay off debt/collection accounts?

- Prioritize accounts with original creditor that can be brought to good standing (i.e. past due on open credit card)
- Prioritize larger accounts (i.e. over \$1,000) more likely to go to judgment and garnish wages
- Prioritize more recent accounts (based on date of first delinquency NOT last activity)
- Dispute accounts with date first delinquency greater than 7 years or reporting post-bankruptcy
- Save money to pay each account off in lump sum



# Collections

- Collections have most significant negative impact on a score when first reported. Then they age.
- Removing collection account (i.e. medical collection) will improve the score! If it's not theirs – dispute it!
- Paying a collection leaves collection on credit report; this does NOT seem to have significant positive impact on score.
- Payments on a collection CAN have a NEGATIVE impact on the score – if the Date of Last Activity is updated (i.e. with monthly payments). This depends on score, how furnisher updates report info.
- Collections account age off from **Date of First Delinquency with Original Creditor**. Often same as Date of Last Activity (unless partial payment made later)
  - If a Collection Agent “verifies” collection monthly, this should NOT update the Date of First Delinquency nor Date of Last Activity!



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# ***Moving Forward with CBA***



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<b>Outreach</b>	<b>Intake</b>	<b>Delivery</b>	<b>Outcome Tracking</b>	<b>Research</b>
	CFA  Cluster Diagnostic	Twin Accts  Secured Credit Card  Tip Sheets Criteria	Success Stories	Project Match  SIF Evaluation