

*'I don't know how the bank benefits,
how a bank that acts like that even lives.'*

JOYA WINWOOD, SANTA CRUZ COMMUNITY CREDIT UNION MEMBER



Dan Coyro/Sentinel

Bill Leland, Community Ventures' executive director; Sheila Schat, community development and marketing director; and June Padilla, Individual Development Account coordinator, are pictured in the credit union's Front Street office.

Investing in the community

Credit union marks 25 years of socially responsible banking

By **MICHAEL DE GIVE**
SENTINEL STAFF WRITER

It's foggy, which means a good crowd for this gathering of Mother Song. About 25 moms, one dad and a herd of kids at various stages of mobility have come inside to sing earthy songs from India, Africa, Mexico and Native American traditions.

The profit margin here isn't staggering. At \$5 per adult (kids get a free ride), Joya Winwood will gross less than \$150 strumming her guitar and leading the group in song. Still, the four weekly Mother Song gatherings make up the bulk of Winwood's income.

It's not the kind of financial portfolio loan officers dream of.

But Winwood, a single mother of two teens who was moving off welfare two years ago, is just the kind of client the Santa Cruz Community Credit Union aims to serve.

In May, Winwood was the first customer to reap the rewards of a savings program offered by the credit union's nonprofit affiliate, Community Ventures.

The Individual Development Account, designed for very low-income residents with specific financial goals, paid Winwood the equivalent of 200 percent interest after 18 months of regular deposits. She's using the money to produce a compact disc featuring a chorus of moms singing the rhythms

of Earth. She plans to have the CD completed in time for Christmas.

Winwood is astounded by the generosity of the Individual Development Account program, which combined her savings of \$2,500 with a 2-to-1 matching grant, yielding \$7,500 for her business venture. Others plan to save as much as \$5,000, which will net them \$15,000 when they reach their goal.

"I don't know how the bank benefits, how a bank that acts like that even lives," said Winwood, a 24-year Santa Cruz resident. "They helped me do something good."

Bill Leland, executive director of Community Ventures, said the payoff for the credit union isn't in dollars. When it was founded 25 years ago, the credit union's guiding principal was to work toward social and economic justice by empowering people "marginalized by the status quo."

Through its partnership with Community Ventures — which has secured \$1.2 million in grants for the Individual Development Account program — Santa Cruz Community Credit Union is able to carry out that mission.

"We can be financially responsible and serve low-income people," Leland said.

Cigar-box deposits

Santa Cruz Community Credit Union opened its doors in 1977 in a small office on Harvey West Boulevard. There was no vault. Tellers kept mem-

Please see **CREDIT UNION** on **BACK PAGE**



A community development credit union offering checking, savings, credit cards and other banking services to residents of Santa Cruz and northern Monterey counties.

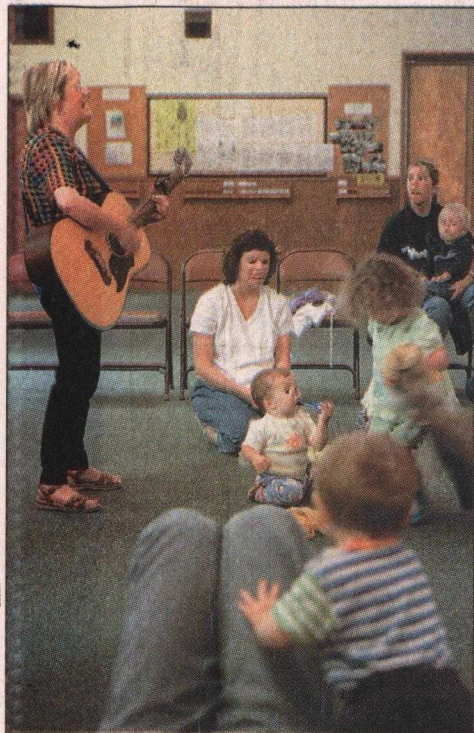
CHIEF EXECUTIVE OFFICER: Fran Muhaw.

ASSETS: \$46 million.

FOUNDED: 1977.

EMPLOYEES: 41.

AFFILIATE: Community Ventures is the nonprofit affiliate that helps the credit union further its mission to serve very low-income residents.



Shmuel Thaler/Sentinel

Joya Winwood leads a Mother Songs class recently. Winwood is making a CD with funds she earned through a special Individual Development Account at the Santa Cruz Community Credit Union. She earned the equivalent of 200 percent interest on 18 months of savings worth \$2,500. The program helps extremely low-income people save for a home or to start a business.

Credit union: Institution aims to help area's poorest residents

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bers' deposits in a cigar box, which was locked in a filing cabinet.

"I knew immediately it was something I wanted to be involved in, and we just did it from scratch," said former Santa Cruz Mayor John Laird — a founding member who still possesses a single-digit account number — in a video prepared for the credit union's 25th anniversary in April.

Today, the credit union would be hard-pressed to keep its deposits in a box. In 2001, it had assets of nearly \$46 million, up from \$38 million a year before and just \$7 million in 1985.

Member savings grew from \$35 million to nearly \$42 million in 2001. Last year, the credit union made \$21 million in loans, with a loan-to-assets ratio of 79 percent.

But 2001 was also a year of making great strides in its mission to serve very low-income residents. By year's end, 75 people, including Winwood, were enrolled in the Individual Development Account program, setting goals to buy homes, get educations and expand or open businesses, Leland said.

This year, Community Ventures provided Individual Development Account accounts to five more residents, bringing the total to 80 — the maximum number it can accommodate.

Making saving a habit

Here's how the Individual Development Account program works:

Potential account holders must work with one of the credit union's community partners, about 25 nonprofits that include Above the

Line, Families in Transition and the Watsonville YWCA.

To qualify, they must live in either Santa Cruz County or northern Monterey County, and have an income that's less than 150 percent of the federal poverty level. Those income levels are:

- \$16,443 for a family of one;
- \$22,154 for a family of two;
- \$27,864 for a family of three;
- \$33,575 for a family of four; and
- \$39,286 for a family of five.

Account holders can save up to \$5,000, and must make monthly deposits of at least \$50, but no more than \$200. One goal of the program is to get low-income residents into the habit of saving every month.

"Most of the people I work with have never saved more than \$300," said June Padilla, program coordinator for the IDA program. "Now they're up to \$500, \$1,000 or \$2,000, and they are just amazed they can save so much."

With such a low income, saving \$50 a month is no small feat.

"It just shows the determination of the participants to make it work," Leland said.

If they are accepted into the program, participants must attend five two-hour money-management workshops, where they learn to balance a checkbook, reduce their credit, track expenses and stick to a budget.

Everyone receives a copy of their credit report, and learns when it's appropriate to use credit, Padilla said.

Padilla monitors participants' credit reports and deposits periodically, and contacts the account holder if something looks off-kilter.

Account holders only receive the matching funds if they reach their financial goal.

Individual Development Account savings can be used for three things: a down payment on a home, small-business capital or education and job training.

Most account holders — 73 percent — are saving to buy a home, Padilla said.

"Most of the people I work with either live with two different families or live in situations that aren't appropriate for a family of five or six or seven," she said.

Matching funds

Half the funds for the Individual Development Account program come from the Community Development Financial Institution, a department of the U.S. Treasury given a budget of \$130 million this year.

The Community Development Financial Institution provided \$600,000 to Community Ventures' Individual Development Account program, on the condition that it match every dollar with other contributions.

Most of the matching money came from the David and Lucile Packard Foundation, but individual donors have contributed \$155,000. One anonymous resident has come through with three contributions totaling \$150,000, Leland said.

There are other IDA programs throughout the country, but none that let customers save so much. The limit for other programs is capped at \$2,500, Padilla said.

Community Ventures must raise \$250,000 to \$300,000 per year to keep the program going, Leland said.

"It's a substantial challenge, but the response has been encouraging," Leland said. "This is a program we want to keep for the long term."

Community Ventures

Community Ventures was founded in 1989, but had no employees until 2000. Until then, its job was to manage a revolving, low-interest loan fund for nonprofit and home-based child-care centers that serve low-income families.

The maximum loan, lent at 3 percent interest, is \$15,000. The money must be used to increase capacity or improve the quality of the child-care center.

Community Ventures is also a partner in ChildCare Ventures, a consortium working to create more affordable child care in Santa Cruz County.

Along the same lines, it works with the Packard Foundation to administer a two-year, \$2.4 million grant to child-care centers in San Mateo, Santa Clara, Monterey and Santa Cruz counties to make playground equipment safer.

In addition, it runs a countywide financial literacy program to improve the financial know-how of the low-income clients it targets.

Its latest project is one called More Than Just Commerce, which aims to form a group of socially and environmentally conscious companies in Santa Cruz County. It's currently building a Web site listing the companies that have signed up so far, to let customers who share their philosophies find them.

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