

MicroLender by Lender*VP

Lender*VP Makes it Easy to Offer Pay Day Advance Loans to your members—and the community



The prevalence of Pay Day Advance locations is increasing and their services are used by more and more customers every day. You see their stores on street corners and their ads on the television.

You see that you can counter the predatory lending practices of the traditional Pay Day Advance Lenders and offer this service as a value added service for your members and the community at large. Plus you see that an opportunity exists to forge new relationships with people who formerly have not have a relationship with a financial institution.

You are ready for your credit union to begin offering Pay Day Advance loans.

Introducing MicroLender

The time has come to add Pay Day Lending to your lending portfolio! CU*Answers and Lender*VP are leading a new initiative so that you can begin offering them with very little start up time. Called MicroLender, this new easy-to-use online loan servicing product makes it a snap to offer Pay Day loans. With MicroLender you can offer this cost-effective, CUSO delivered solution to meet the market

Retailer Direct: MicroLender By Your Lending Institution

Dashboard New Application My Settings Collections Control Panel Reports Logout

Dashboard

Search

Search by name or social security number.

Current Loans

Current	Pending	Denials	Past Due	Written Off	Paid		
Name	Loan	View	Make a Payment	Rollover	Charge Off	NSF	Hold ACH
Smith, John	\$219.80 due on 03/29/2008	View	Make a Payment	Rollover ()	Charge Off	NSF	Hold ACH
Jones, Mary	\$510.00 due on 03/28/2008	View	Make a Payment	Rollover ()	Charge Off	NSF	Hold ACH

driven need. Considering offering Pay Day Loans at a vendor location? With this web tool, you can offer Pay Day Advance loans within your credit union walls or at another location.

This Pay Day loan offering is a win-win proposition for both you and your borrowers since you can offer a more competitive fee structure on your loans while still making it a profitable venture for your credit union. Along with the more reasonable rates, you can also help borrowers overcome their financial struggles by offering credit counseling. Just look at the impact one credit union has made by watching a video of their story! Check out our link in the Pay Day Lending Section on the CU*Answers web page at <http://www.cuanswers.com/kitchen/>.

"We see a real need in the marketplace today to offer this solution, whether you are interested in opening a Pay Day Lending store outside your credit union or in your physical building."

*Geoff Johnson, Lender*VP*

The Future of MicroLender

Very little start up time is needed for your credit union to begin offering the MicroLender solution. Plus, the web tool is easy to learn so your staff will be up and running quickly. Additionally, CU*Answers has developed a relationship with an ACH originator provider for credit unions who need to add this service in order to collect on their loans through ACH transfers.

The MicroLender's web-based product is just the beginning of CU*Answers commitment to the CUSO to deliver quality Pay Day Lending tools, however. Also in development and slated for the end of 2008 are hooks to process these type of loans from within CU*BASE itself.

Additionally, a web-based product allowing borrowers to

apply directly for Pay Day Advance loans from the convenience of their home is in the works. After filling out an application, these borrowers would receive notice telling that they are pre-approved for a loan, and they would be directed to come into the credit union to fill out the necessary paperwork.

A roadmap towards a plastic offering is also in development. The borrowers will receive their loans on a plastic card with an accompanying PIN. This money will then be redeemed at an ATM or in a vendor's debit card reader. This card could be reused if the borrower needed an additional loan at a later date. An obvious advantage of this cash-less option will be that it requires less staffing on your part.

How Does MicroLender Work?

Because MicroLender is a web-based product, you can use it within your brick and mortar walls or at another servicing location, which only adds to the possibilities of how you can use it. When the customer comes to your location, your teller fills out MicroLender's online application based on the information the customer supplies. The web automatically disallows a member of the military or the spouse or child of a service member from receiving a Pay Day Advance loan. Additionally, MicroLender will deny a loan to a borrower who already has a Pay Day Advance loan with your institution or who has his or her Social Security number on the blocked numbers list.

Once the consumer information is entered and the application is completed, it is submitted to CLVerify, a Pay Day Lending Report provider. CLVerify contains information on all Pay Day Advance lending in a database that is updated daily. CLVerify determines whether the customer is a risk, matching the borrower's information against several factors such as matching Social Security number and phone number, number of NSF's on the customer's bank account, and the time it took the customer to repay his or her prior Pay Day Advance loans.

With that information as well as the credit score selected by your credit union, CLVerify returns an automated response to approve or deny the loan application. Additionally, credit union parameters configured in MicroLender also evaluate the loan application and its risk. If a credit union decides that it wants to approve more loans, it simply lowers its required credit score and CLVerify will adjust its response.

Fees are assessed but can be overridden, for example if you offer a promotion to pay the fees for a first time borrower. The customer receives the loan, agrees to pay the money back within a prescribed length of time and leaves with his or her money in hand. It is as simple as that.

If the loan is approved, then the MicroLender moves to the approval page and then to the processing page (shown here) which prompts your employee to print the appropriate forms to process the loan.

What about Managing the Loan...and Collections?

the loan automatically appears in the collections queue and can be worked by collectors. This allows your collections personnel to have an organized location that only they can access. Notes to borrowers and tracking of the loan are available throughout the life of the loan. If charge-offs are needed, MicroLender handles this process as well.

MicroLender provides a comprehensive system for managing your Pay Day Advance loans. It even moves the loans into collections if the need arises.

Once the loan is processed, MicroLender's robust loan management software comes into play as the loan is maintained on the system. Of course, you can apply payments toward the loans, but the management does not stop there. Additionally, selected credit union personnel can process the loans if needed with added services such as applying rollovers, adding NSF charges or applying ACH holds on the loans.

If the loan is not paid in full by the time it is due,

I'm Interested! How Do I Sign Up?

If the MicroLender solution for Pay Day Advance loan sounds like something you would like to offer your members, let us know—we'd like to get you started! The first step is to tell us of your interest by contacting Geoff Johnson of LenderVP at gjohnson@cuanswers.com.

Our web team at CU*Answers will then contact you and help you determine a solution that is right for your credit union. At this step there are options for you to consider including fee structure and loan approval settings. You will be asked to fill

out a configuration form to aid us in setting up your site. Your site will be available within 30 days from the time you return the form. We will walk you through the setup with CLVerify and ACH origination, if necessary, as well.

After an initial beta site is tested, you will be ready to offer Pay Day Advance loans! On-screen help is available to aid your staff in quickly learning the product. Additionally, online training is offered free of charge (as well as in-person training at an additional charge).

TimeLine for MicroLender Loans

