

Reentry Opportunity Loan Cheat Sheet

	CBA Member Practices
Purpose	Loans to help returning citizens build credit and stability as they reenter into a community
Restrictions on use of funds	Loans can cover the costs of basic needs such as housing, transportation, high cost debt, job training/certifications, clothes or equipment for a new job
Loan amount range	\$300 to no cap (average: \$1,577)
Loan terms	6-36 months
Interest rate	0% to 30% (average: 12%)
Application Fee	\$0
Origination Fee	\$0 to \$100 (or 10% of the loan, whatever is less)
Late Fee	\$15 (or 5% of late payment) to \$25
Non-sufficient funds fee	\$15-\$25
Charge-off rate	0% to 11.9% (average 8%)
Loan loss reserve	12%-15% (average 14%)
Key Underwriting Considerations	<ul style="list-style-type: none"> ■ Ability to repay ■ Some attention to borrower’s credit score, history, and debt-to-income ratio; distinguish between consumer debt and medical debt ■ Alternative measures of stability (ie potential job leads or income, family support, concrete future goals, etc.)

Reentry Opportunity Loan Cheat Sheet *continued*

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Security/Collateral	<ul style="list-style-type: none"> ■ Consider adding a forced savings component or asking for co-signers in applicable situations
Loan servicing and payments	<ul style="list-style-type: none"> ■ Monthly payment reminders ■ Flexible payment options (i.e. online, in-person, via mail)
Collection procedures	<ul style="list-style-type: none"> ■ Notices at 10, 30, 60, and 90 days late ■ Options for loan modifications ■ Contact references to ensure borrower is not sick or hospitalized ■ Send to collections and charge-off at 120 days
Borrower support/ Financial education	<ul style="list-style-type: none"> ■ Review budget and credit report during the application process ■ Offer ongoing financial development opportunities throughout the course of the loan ■ Offer a graduation product once loan has been paid-off
Credit Reporting	<ul style="list-style-type: none"> ■ Report to all three major credit bureaus
Measuring success	<p>Collect information on:</p> <ul style="list-style-type: none"> ■ Financial wellbeing ■ Credit strength ■ Asset building ■ Success with repayment ■ Overall perceived quality of life ■ Impact of loan on employment, education, housing, or personal life ■ Borrower’s program satisfaction