

## Fresno EOC creating new credit union

**Chuck Harvey** - STAFF WRITER

The Fresno County Economic Opportunities Commission will open its own credit union to take a bite out of costly payday loans while offering a full line of reasonably priced credit services to area residents.

The credit union's services will be available to anyone

employed, but more than 50 percent of members must be deemed low-income residents. Low-income residents are those who earn 80 percent or less of the median family income for their metropolitan area, or

the national metropolitan median, whichever is greater.

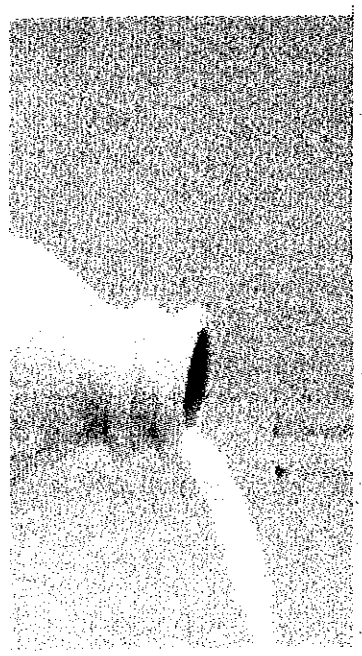
**"We will offer payday loans at a low fee."**

Salam Nalia,  
Chief Financial Officer,  
Fresno County Economic  
Opportunities Commission

Residents within some known low-income zip codes could automatically qualify as low-income members, said Salam Nalia, chief financial officer of the EOC.

The EOC has 1,300 employees and all are expected to bank with the credit union. The Federally backed Fresno Community Development Financial Institution (CDFI), which provides credit and financial services to underserved markets and populations, will form the already

**Credit Union | 4**



### Credit Union | from 1

named Community First Credit Union.

The Community First Credit Union office will be situated in the EOC headquarters on the Fulton Mall (1920 Mariposa Mall). It should receive approval in the next two months and open within 120 days, Nalia said.

The Economic Opportunities Commission has submitted a business plan to the National Credit Association in order to receive a charter.

The plan is to begin with one credit union office. Mendota might also receive the service through a kiosk in a grocery store. Mendota has 11,000 residents, but only one ATM to serve its banking needs.

Nalia said the EOC is concerned about area residents, especially those in low-income categories, taking out payday loans. The problem is that payday loan firms charge about 384 percent interest. "That's not good," Nalia said, cringing. "We will offer payday loans at a low fee."

Member services will include checking and savings accounts, loans and online transactions.

The EOC already has a certified loan fund that is handled through the CDFI. But it works through banks, and banks prefer larger loans than what are typical of the CDFI, Nalia said.

"The CDFI has provided several loans with average loan value to be around \$40,000 which is too small an amount for a bank to consider these days," he said.

So the EOC decided to form a credit union to handle smaller loans.

The commission has not yet decided what its loan rates will be. "They will be competitive," he said.

Some of the lowest loan rates right now are running at between 7 percent and 8 percent.

The credit union will provide personal, auto and consumer loans. Consumer loans would be mostly for appliances and emergency needs.

It will also offer savings and checking accounts, credit cards, online banking and ATMs for its members.

Community First Credit Union will contract some of its operations to larger credit unions. "We don't want to spend money on software," Nalia said.

Nalia said the CDFI has a loan committee consisting of members from 10 banks. "They decide on all the loans," he said.

The new credit union might have a separate loan committee to decide loans," Nalia said.

He described the need for an EOC credit union as tremendous.

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