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## Express Credit union gets ability to help more low-income clients

Express assistance

Puget Sound Business Journal (Seattle) - by [Clay Holtzman](#) Staff Writer

Seattle's only credit union for low-income people has received regulatory approval to accept capital from nonmembers — a step that will increase deposits and expand its already fast-growing membership of King County's lowest wage earners.

In July, **Express Credit Union** was designated as a "low-income" credit union, allowing it to accept nonmember deposits and secondary forms of capital, such as loans from local foundations.

Express can use the new capital to make more loans and offer new financial products to its members, while new depositors can put their investment capital to work helping the low-income members.

Express is one of only five credit unions chartered in Washington state — and the only one in Seattle — to receive the low-income designation from both the **National Credit Union Administration** and the Washington State Department of Financial Institutions. Washington's other state-chartered, low-income credit unions are located in Bellingham, Olympia, Spokane and Yakima.

Express Interim CEO Norma Hernandez said low-income credit unions have traditionally been located in rural areas or communities with smaller or less diverse economies. As unemployment rates remain high and wages stagnate, more low-income credit unions could crop up in urban areas, she said.

Express Credit Union, which opened in 1934, relaunched a year ago specifically to serve King County's lowest wage earners who do not use banks and often pay high fees to cash checks or access short-term loans.

Most of the credit union's members are individuals who earn less than \$28,000 a year — about \$13.50 an hour — or belong to families with incomes of less than \$60,500. Food service workers and health care support staff, for example, generally earn less than \$13.50 per hour, according to the U.S. Bureau of Labor Statistics.

As part of the relaunch, which was supported by the Seattle-based nonprofit Medina Foundation, Express lowered its minimum balance requirement and other criteria for its products, which include checking and savings accounts, online bill payments, direct deposits and small loans. Through its supporting nonprofit arm, Express Advantage, the credit union also offers financial literacy and other outreach programs.

To be designated as a low-income credit union, the National Credit Union Administration requires that a majority of an institution's members earn less than 80 percent of the local area's median household income.

Since the relaunch, Express has grown its membership by 1,000, or about 70 percent.

Express has a new leader to guide its new designation and how it will serve its 2,400 members. New CEO Sharon Hall, former chief financial officer for the **Washington Credit Union League**, the industry's statewide trade association, will start her new post at Express on Aug. 9.

Currently, Express has about \$9.2 million in assets and \$5 million in loans on its books. Because its 2,400 members are largely low-income earners, the new designation and access to fresh capital will help Express reach and lend to more clients.



Photo: Stephen Brashear

Express Credit Union Community Member Service Representative Maricel Valdez, right, sets up an account for new member April Candill at the YWCA Opportunity Place in Seattle.

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"It is very important to our business plan," said Hernandez, who will return to her post as vice president and chief operating officer when Hall starts work.

But the new source of capital won't spark a major growth spike for Express.

The credit union must lend out capital as it comes in, otherwise its net worth ratio could fall below the "well capitalized" benchmark of 7 percent, Hernandez said. Because most of its loans are small, it cannot take on new capital without an equal ramp-up in members and lending.

"We definitely need to offset it with equal amounts of loan activity," Hernandez said.

But Express does plan to continue growing its member base.

Many of the credit union's new members joined through Express' Community Member Service Representatives program, which is operated by the nonprofit supporting organization, Express Advantage. The program sends mobile tellers to 16 nonprofit groups in King County that serve low-income people who may also want to become Express members. Nonprofits that use the program include **Hopelink**, Neighborhood House and the YWCA of Seattle-King and Snohomish County. Express plans to hire a new mobile teller next year to add to its existing three-person team.

The credit union can now accept capital from nonmembers, who primarily will be motivated to use capital to help achieve social outcomes. For charitable investors, such deposits would be considered "program related investments." Already, Express has had tentative talks with local foundations, according to Dave Sieminski, managing director of Express Advantage.

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