



Mini Loan Program (MLP) – Guidelines

1) The Society of St. Vincent de Paul of North Texas is pleased to offer the Mini Loan Program to all neighbors who live within our 9-county service area (Collin, Dallas, Ellis, Fannin, Rockwall, Hunt, Kaufman, Navarro, Grayson). The purpose of the MLP is to reduce the number of individuals and families who are trapped in the “Cycle of Debt” caused by having an existing predatory loan (payday loan or title loan). The program also offers emergency loans for certain emergencies as a way of preventing the neighbor from having to approach a predatory lender in the first place.

The Society currently partners with Inwood National Bank and Resource 1 Credit Union to provide the loans for the program.

2) The process begins when the neighbor reaches out to SVdP for assistance whether it be through an SVdP conference, via the SVdP website or are referred by a collaborating organization.

- a)** If the need is discovered through a conference visit, the conference coordinator completes the MLP referral form with the neighbor and submits the completed form to the email address listed on the form (form goes to Juli – Mini Loan Program Coordinator and Louise – Mini Loan Program Leader). Note: a referral form is submitted for all referrals – when the neighbor is being recommended for a loan and when the conference, after the initial screening, deems that the neighbor is not a suitable candidate. We require this for tracking purposes.
- b)** Collaborating organizations are also required to fill out a referral form.

3) Team MLP are a group of Vincentian volunteers who process all loan applications. Team members work in pairs and are on call for loan processing during certain weeks each month.

- a)** Juli creates a record for all referrals.
- b)** Juli will notify Team MLP as each record is created so the team members signed up for that specific week can begin assisting the neighbor with the application process.
- c)** The Team member works with the neighbor from this point onwards. They assist in filling out the budget, ensure they meet all loan requirements and upload all documents to the record. All applicants must meet the following requirements:

- Have reliable and documented source of income for a minimum of 6 months with direct deposit
- Have bank account
- Loan amounts range from \$500 - \$2500; Up to \$4000 for conversion loans
- Agree to receive financial coaching and work with an MLP advocate

d) The Team MLP member notifies the Mini Loan Program Leader via email (and copy their team partner) when the loan is approved and ready to be submitted to the bank for processing. The Mini Loan Program Leader sends the loan package to the bank via secure link to record in MLP database in email.

e) The minimum loan amount is \$500. The maximum loan amount is \$4,000 for conversion loans and \$2500 for emergency loans. All loans above \$2,500 must be reviewed and approved by one member of the MLP Committee in addition to the 2 Team MLP members. The loan duration is 12 months at an interest rate of 3%.



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- 4)** The participant signs the loan documents for the new MLP loan
 - a)** Inwood Bank and Resource 1 Credit Union facilitate electronic closings.
 - b)** Conversion loan proceeds will be in the form of a cashier's check to either the predatory lender or borrower (neighbor). Cashier's checks for emergency loan proceeds will be made out to vendor.*

- 5)** The MLP Leader monitors the loan program and is informed by the bank if a monthly payment is missed. The conference coordinator (or person whom they were referred by) and MLP Team member work with the participant to get them back on track. The council will cover the loan payment if on the 28th day it remains past due. Participants are expected to pay back missed payments to council after the 12-month loan term with the bank comes to and end.

- 6)** Upon successful pay-off of the bank loan, the participant is encouraged (but not required) to open a savings account at the partnering bank. The Conference will make a \$50 deposit into the client's savings account as a celebration with the Individual/Family. If the participant has an existing savings account the \$50 will be deposited into that account. A Certificate of completion is presented to the participant along with a savings encouragement letter and an MLP survey.

*If the predatory lender will accept a cashier's check there is no need for an SVdP representative to be present at closing and payoff. Participant **MUST** send copy of pay off receipt to SVdP representative. If the predatory lender accepts cash only the check will be made out to the borrower and an SVdP representative must be present to witness predatory loan payoff. Emergency loan funds will be provided in the form of a cashier's check to the vendor/landlord etc. and be delivered by participant. No need for SVdP representative to be present.