

Q: Who is Tele Track, and how do I get more info about them?

A: <http://www.teletrack.com/> is the best place to go for more information

Q: What can we do to combat this practice? What can we do to help those who have fallen prey to payday loans?

A: Members who tend to take payday loans are generally either in trouble or it is a temporary problem. In most cases it is not a temporary problem. When you find out that a member is using a payday loan company, let the member know that you want to help and how the payday loan companies work and what they charge. Suggest to the member there may be a better solution – advise the member to let you take a look at where they stand financially by getting an updated credit report and very possibly a new loan application. It could create a lending opportunity for you. If the member is in serious trouble you still need to sit down with the member and go over all of their options. The member very well may tell you they are contemplating BK and that is certainly an option. Let them know if they do file BK that they can maintain their relationship with you. You will finance a new car for them or give them a credit card provided they have a good job and a good relationship with you. Remember they will be debt free. Your main objective is to recognize that getting a payday loan is a red flag and you should deal with it while you still have an opportunity. Once they go BK you lose that opportunity. A solution could also be as simple as getting their checking account and offering them overdraft privileges or courtesy pay.

Q: Can you advise us of what impact payday lending has had on credit union delinquency?

A: There have been no published stats on the impact payday lending has had on credit union delinquency. Since this is the fastest growing of all lending financial institutions one can only assume the impact is going to be big. Many of these members are definitely headed for serious problems and they are just delaying the inevitable. I suspect when you start looking at BK notices you will see more and more payday lenders included in the BK, unfortunately credit unions will get caught up in this too. Keep in touch my good friend.

Q: We have courtesy pay - but I feel we need a product that helps our Members get out of this program. Some are running up hundreds of dollars in fees. Anyone have a great program?

A: Take a look at the 2<sup>nd</sup> question from above for some additional info; but you must look at courtesy pay and payday lending as early warning signs that the member is not making it. I strongly recommend you start contacting these members, letting you know you want to help, get a new app and credit report and honestly see where they are and what the best solution may be. I don't think you can ignore the fact that they are crying out for help. You can even market this to your members. I am delighted that you are taking a pro-active approach.

Q: Another issue that we face - Missouri does not allow direct deposit to be a qualification for a loan. All of the payday loan alternatives I have seen hinge on having direct deposit as a requirement.

A: I think any payday lender would tell you the biggest asset they have is the ACH which is not necessarily direct deposit. Look through the notes we gave you and it should give you a good illustration as to how it works. Without the ACH or direct deposit, you may find the risk is too great to pursue this type of lending. Thanks for your feedback

Q: My question is - how important do you think direct deposit is in a successful alternative program?

A: When it comes to payday lending it is almost impossible to have a successful program without direct deposit or the ACH (as illustrated above). There will be a few exceptions but not many.