

# Our Impact Q1 2024:

*Challenging the Rules of Banking*



# Living the Mission:

Alternatives exists to help build and protect wealth for people with diverse identities who have been marginalized, such as Black, indigenous, or people of color. The following statistics apply to the first quarter of 2024 (Q1).

## Loans made to people and families from low-income and marginalized communities:

**100%**  
of business loans

**87%**  
of consumer and auto loans

**80%**  
of home loans

According to the Consumer Financial Protection Bureau, **only 8.1% of home loans made in 2022 went to Black borrowers**, while **9.1% went to Hispanic-White borrowers** and **7.6% went to Asian borrowers**. Reasons for this disparity range, but one thing is certain: without the ability to borrow money for things like home purchases, business startups, debt consolidation, and more, people who live with low incomes now are unlikely to build wealth for themselves, much less create generational wealth for future generations.

Alternatives works to develop relationships with all members of the communities it serves. We are committed to investing in people and families who have been marginalized by attitudes of institutional racism and classism that have long plagued mainstream banks in America.

**Using Alternatives for your savings and lending needs is what makes this work possible. You allow us to build wealth for the underserved in our community and we appreciate you!**

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n historically marginalized by the financial industry, especially those with low wealth or identifying (January 1 - March 31, 2024).

## Financial education and business development support in 2024:

**155**

financial education sessions

**134**

business development sessions



# Making Connections

*Ken Hughes,*

*Initial D Motorsports*

Ken Hughes has always been a “car guy.” After making his first auto sale at the age of 13, he started purchasing inexpensive vehicles, fixing them up, and selling them.

“I don’t love cars, I’m IN love with cars. There’s a huge difference,” Hughes explains.

Initial D Motorsports, located at 1569 Lake Street in Elmira, is the latest evidence of this love affair. With an emphasis on Japanese imports, the shop began as a detailing service offered by Hughes and his son. Before long, he was licensed to resell, and the inventory started to grow.

But there was a problem. A significant percentage of the people who came to him for a car weren’t able to get the financing they needed. That’s where Alternatives came in.

“There were a lot of people we couldn’t get approval for because of their credit rating,” Hughes says. “We lost a lot of deals.”

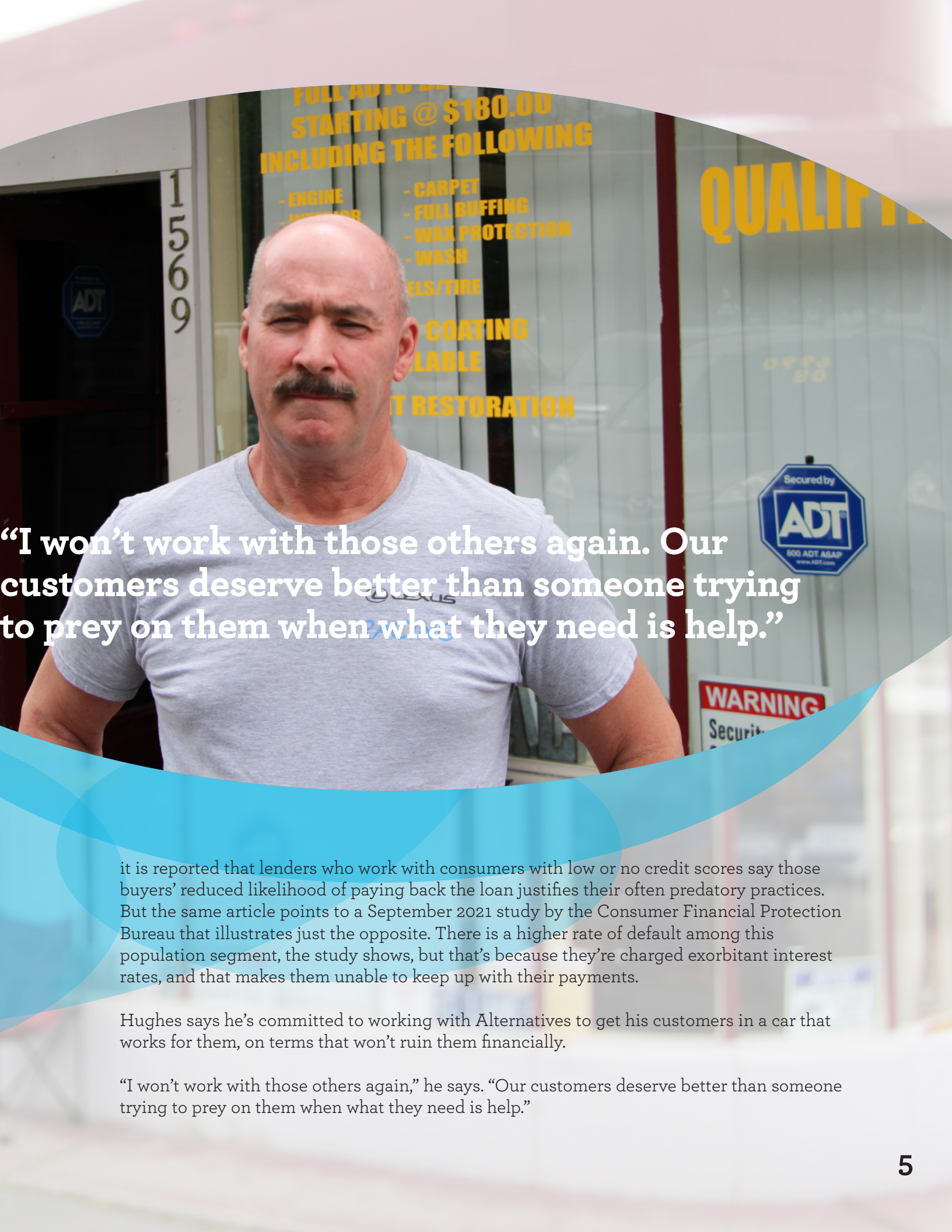
But over the past eight months alone, Initial D has closed more than 100 sales using financing from Alternatives, and all because we’re committed to working with people other banks won’t talk to.

“They’ve been a godsend to us as far as increasing our sales and helping people who couldn’t get a car anywhere else,” Hughes says.

In fact, the growth came so quickly for Initial D that they had to upgrade some of their processes to match the increase in volume. Buyers seeking financing from Alternatives can complete an application in minutes, and the shop processes it with the credit union. Once they’re approved, they pick out a car from his extensive inventory. The shop is also registered with New York State to issue plates and register vehicles, which means the process is easy for his customers too.

There are other lenders Hughes has worked with, but now he says that for buyers with a low credit score, Alternatives offers a service that’s about helping the customer -- not driving profit for a company.

In “The Big Business of Bad Car Loans” (Ryan Felton, Consumer Reports, January 22, 2022),



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it is reported that lenders who work with consumers with low or no credit scores say those buyers’ reduced likelihood of paying back the loan justifies their often predatory practices. But the same article points to a September 2021 study by the Consumer Financial Protection Bureau that illustrates just the opposite. There is a higher rate of default among this population segment, the study shows, but that’s because they’re charged exorbitant interest rates, and that makes them unable to keep up with their payments.

Hughes says he’s committed to working with Alternatives to get his customers in a car that works for them, on terms that won’t ruin them financially.

“I won’t work with those others again,” he says. “Our customers deserve better than someone trying to prey on them when what they need is help.”

# Beating Predatory Lenders

## *Amy Arsenault*

Anyone who's had kids in sports knows at least two things for sure: First, that it's expensive. Second, that you'd do pretty much anything you could to make sure they could participate in activities they love.

Amy Arsenault is a single mom. When her boys were in high school, they both played travel hockey, which meant frequent weekend trips to places hours away from home. Bottom line: she wasn't making enough to afford everything her family needed, and she quickly incurred credit card debt that she wasn't keeping up with.

"When you don't have money, but you have to spend money all the time, you just go, 'I've still got to get groceries,' so you just do it," she explains. "It's going on a credit card."

That's when she first saw the ads.

"It was on TV," she explains. "They were acting like it was super great. They said they could reduce my debt."

With optimism, she turned over her financial information to a company she had never worked with and began the waiting game.

"They tell you that you don't pay your bills," she says, referring to a common practice of predatory lenders that "negotiate" on the borrower's behalf to reduce the total debt load and profit from extreme interest rates. "They told me you have to wait for them to agree on some amount to make your total go down."

The company advised her that her credit score would likely go down, but that as soon as she resumed payments at her new rate, that problem would be quickly remedied. They promised her it would all resolve in three months.

"So once the three months hit, I was emailing them, calling them, asking, 'What's happening?' I'm sitting here not paying my bills."

The company told her it would be a few months more. At the six-month mark, Amy threatened to pull out of the situation altogether, and the company suddenly had all her accounts ready. But what that meant was they were selling the account to another bank that suddenly tacked on fees, erasing any benefit Amy would have experienced.



When she reached out to Alternatives, they connected her with financial counseling that helped her set a budget she could live with. They also consolidated her credit card debt and helped her reduce her monthly expenses by \$400. She says she was anxious about the counseling but the team there treated her with respect and supported her completely.

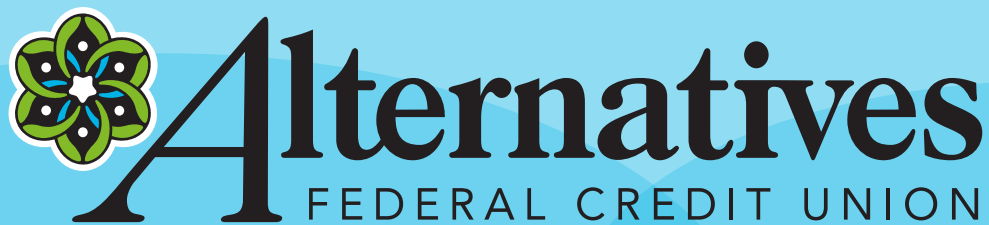
“I don’t know why I didn’t just go to Alternatives in the first place,” she says now. “This past Christmas is the first holiday I didn’t put anything on a credit card. I thought there was no way I could do that, but I did it.”



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*To help build and protect wealth for people with diverse identities who have been historically marginalized by the financial industry, especially those with low wealth or identifying as Black, indigenous, or people of color.*



*Where Good Things Happen*

[www.alternatives.org](http://www.alternatives.org)

