STRATEGIC PLAN
201X-201X

Approved by Anytown USA's Board of Directors

Anytown USA Federal Credit Union

BOARD OF DIRECTORS

SUPERVISORY COMMITTEE

CREDIT COMMITTEE

MANAGEMENT

Anytown USA Federal Credit Union

STRATEGIC PLANNING PARTICIPANTS

Anytown USA FEDERAL CREDIT UNION

Strategic Plan

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Anytown USA Federal Credit Union

Strategic Plan

Introduction

Anytown USA opened its doors in 2009 with Charter No.12345. This member-owned, not-for-profit financial cooperative is dedicated to providing its members with quality financial services and products. Anytown USA is chartered, regulated and insured by the National Credit Union Administration (NCUA).

Anytown USA is in a unique position to serve the financial needs of all people in the community (those who live, work, worship, attend school or volunteer) regardless of their economic status. The credit union is the only one in Anytown County to hold all of the following certifications:

- NCUA "low-income" designation.
- CDFI certification from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury.
- Community Development Enterprise through the CDFI Fund.
- Community Development Credit Union through the National Federation of Community Development Credit Unions.

The designations signify that Anytown USA serves a majority of members who are low-income, helping them access important financial services that are often unavailable to unbanked and underbanked individuals. The credit union's mission, which follows, speaks to its commitment:

Anytown USA is dedicated to providing access to affordable credit and banking services for its members and to promoting greater community economic development within Anytown County.

This credit union offers something for everyone in the community, regardless of where they fall on the economic spectrum. Since its Grand Opening in June 2009, Anytown USA's range of products and services have grown significantly to include: savings, checking, lending, ATM/debit cards, online bill pay, check cashing, club accounts, and financial education/credit counseling.

Anytown USA is a *neighborhood* credit union where staff know the names of its members and greet them when they enter the branch. The credit union is committed to charting a course over the next three years that will create greater opportunities to make a difference in the financial lives of members and the community it serves.

Anytown USA's management, board and committees met on March X, 201X, to review the current plan and to chart a sound path for the next three years. The planning group developed strategies for expanding growth and products while keeping site of the significance of maintaining safe and sound operations and compliance. Several key opportunities for continued development of the credit union stem from the following concepts:

- Developing sound strategies for fostering and accelerating membership growth.
- Identifying steps for establishing new branches throughout the community.
- Implementing strategies for effective and steady loan growth with secured repayment options.
- Maintaining a safe, sound and NCUA-compliant credit union.

Where Are We Now?

Anytown USA is in its fourth year of operation and has attained significant milestones since the first members walked through its doors in 2009.

Anytown USA's rates and products are competitive and include: Savings Accounts, Club Accounts, Checking Accounts, Check Cashing, Loans, Certificates of Deposit, Cashier's Checks, Money Orders, ATM/Debit Cards, On-line bill pay and Development Services (financial education/credit counseling).

As of December 201X, the membership totaled 1,XXX, an average of 3XX members per year. Anytown USA had over $1.X million in deposits and $1.X million in assets at that time.

The oversight for the credit union is through an 11-member Board of Directors who represent the diversity of the membership. There is a Supervisory Committee that monitors compliance and cash activities. The Credit Committee ensures that loans are issued in accordance with credit union policies.

Anytown USA has an effective working relationship with the National Credit Union Administration (NCUA), which chartered Anytown USA (the first credit union in New Jersey to receive a charter in over X years). It also insures and regulates the credit union. Partners include the New Jersey Credit Union League, the National Federation of Community Development Credit Unions and CUNA (Credit Union National Association).

Anytown USA board and staff participate in trainings and meetings provided by partner organizations to ensure remaining current on topics that affect its members.

Anytown USA continues to receive financial support from its sponsoring organization, Anytown County Community Action Partnership (ATCAP). The credit union is looking for new funding and growth opportunities to help diminish its reliance on the sponsor.

Anytown USA is positioned to broaden its imprint in the community through additional branches in areas of need.

Anytown USA's loan portfolio is growing, leaving the credit union the challenge of updating its loan procedures to ensure repayment.

Anytown USA has the board and management capacity to address emerging challenges and new opportunities. The credit union is poised to expand its product growth and branch development into areas where individuals are underbanked or underserved.

Environmental Scan

The following Environmental Scan provides an overview of Anytown USA Federal Credit Union and the County in which it is located.

A Snapshot of Anytown USA Federal Credit Union

Demographics

- As of 12/201X, there were 1,XXX members. The member profile is as follows:
    - Hispanic members: 55%;
    - Black/African American members: 25%
    - White members: 20%.
- Average age of members: 35

- A majority of Anytown USA's members were unbanked, underbanked or underserved *before* joining this credit union. A majority of member loan applicants have low credit scores due to poor credit or no credit.

- Over 65% of financial services are directed to low-income members (i.e., people who earn less than the Area Median Income for Anytown County).

- Members who live, work, worship, attend school and/or volunteer in Anytown County account for 90% of outstanding loans and 100% of development services. Since 200X, over $1,400,000 in loans have been deployed to Anytown USA's members. Since its inception, total deposits and assets have grown from $0 (in 200X) to $1,5XX,XXX with over 60% of deposits currently outstanding in loans.

Sponsor Organization

Anytown County Community Action Partnership, Inc. (ATCAP) is the sponsoring organization of Anytown USA Federal Credit Union. ATCAP's executive leadership has more than 50 years combined experience with ATCAP. The agency's division directors are professionals in their fields, with a majority holding master's degrees. Over one third of the staff speak Spanish, reflecting the diversity of the population served by the agency.

ATCAP served over 28,000 individuals in 201X. Approximately half of ATCAP's client population is Hispanic. More than 1,000 clients reported a lack of high school diploma; over 5,000 reported a lack of health insurance. Of those reporting housing status, 66% indicated they were renters. Over 30 percent of those asked, reported a lack of a high school diploma, and 35% were single parents. It is estimated that 30% of ATCAP clients are also members of Anytown USA Federal Credit Union. Since November 1, 2012, ATCAP has been referring clients to Anytown USA for special loan rates in the aftermath of Hurricane Sandy, which devastated several communities in Anytown County. ATCAP partners with Anytown USA to help change the lives of people in the county.

In 200X, ATCAP saw the need to address the need to bring a credit union to Anytown County to help low-income persons with asset development, including savings, borrowing and financial education. That was the beginning of Anytown USA, which came to fruition three years later.

In Summer 201X, ATCAP was the recipient of two National Entrepreneurship and Innovation Awards from the National Community Action Partnership.

The first award is in the category of **Real Estate Development,** with recognition given to ATCAP's **HELP Center** for its adaptive re-use of several under-performing properties in the City of XXX, NJ. This project converted a 1.75 acre industrial park into a campus which includes a Federally Qualified Health Center, a Head Start and Early Head Start School, and a Weatherization Training Center. A future phase will include a branch of the Anytown USA Federal Credit Union.

The second award is in the category of **Energy Efficiency and Sustainability,** resulting from ATCAP's creation of a power company, **CAP Solar New Jersey**. Through a new partnership with Goldman Sachs, CAP Solar is designing, installing, operating and maintaining this green renewable energy project to lower the cost of power to participating New Jersey non-profits. Cost savings will be reprogrammed into direct services to benefit low-income communities. ATCAP conceived this project and continues to provide leadership.

A Snapshot of Anytown County, NJ

Demographics

- Anytown is the most populous county in New Jersey with a total population of 905,116 in 2010, an increase of 2.4% since 2000.

- There are 333,412 households; the average family size is 3.27. The trend is toward single head of households: Approximately 15% of households have one adult with no spouse present.

- The median age of the residents is 39.7;

  24.77% are under 19 years old;
  60.08% are between 20-64;
  15.15% are over 65 years of age.

- Population by race is reported as:

  - White: 71.9%
    Black/African American 5.8%;
  - Asian 14.5%
  - American Indian & Alaska Native 0.2%
  - Some Other Race 5.0%
  - Two or More Races 2.5%

- Hispanic or Latino 16.1%

- Veterans 46,286

- Over 28.6% of Anytown's population is categorized as foreign born; 36.4% speak a language other than English at home.

- Educational attainment: 90.5% are high school graduates; 44.2% have a bachelor's degree or higher.

Income, Poverty and Banking

Median Income: The 2010 Census indicated the median household income in Anytown County was $77,389.

Poverty: 201X poverty estimates show a total of 61,715 persons (6.9%) living below the federal poverty level. An estimated 7.8% of children ages 0-17 live in poverty.

The Anytown County Point-In-Time Survey shows that on January 25, 201X, there were 461 homeless men, women and children counted in Anytown County, according to the U.S. Department of Housing and Urban Development regulations. The actual number of people who are homeless over the course of the year may be between two to four times larger than the number counted at one point in time. Using a statistical formula developed in the publication "Estimating the Need," it is projected that over the course of a year, 824 adults and children are homeless in Anytown County.

Unemployment throughout 201X has been hovering in the 7.2 to 8.9% range. The rates may actually be higher with some people abandoning the search for work, rather than finding new employment.

A family of four earning $22,350 or less is living below the federal poverty level.

Over 16.41% of students participate in the Free and Reduced Lunch Program (200X-201X). A total of 9,893 households receive SNAP /Food Stamps. There were 1,056 TANF (Temporary Assistance to Needy Families) cases at the end of December 201X, which remain consistent moving into 201X.

NJ Kids Count data shows that over 49.1% (55,400) of households spent more than 30% of their income on rent in 2010.

The minimum wage remains at $7.25 per hour, despite movement among some in Congress to increase this to over $10 per hour.

In June 200X, the Legal Services of New Jersey, Poverty Research Institute published a report entitled *Not Enough to Live On: Characteristics of Households Below the Real Cost of Living in New Jersey*. The report presents analysis of the demographic characteristics of New Jersey residents with incomes below the amount necessary for a basic existence, as measured by the Self-Sufficiency Standard. The Self-Sufficiency Standard measures how much income is needed for a family of a certain composition in a given place (i.e., Anytown County) to adequately meet their basic needs without public or private assistance. The standard calculates a family-sustaining wage that does not require choosing between basic necessities such as child care, nutritional food, adequate housing or health care. It is a measurement of essentials, excluding longer-term needs such as retirement savings or college tuition, purchases of major items such as a car, emergency expenses, or extras such as gifts, video rentals, or soccer fees. The Standard assumes that all adults—married or single—work full time. In Anytown County, the Annual Self-Sufficiency Income needed for a three-person family (one adult, one preschooler and one school-age child) was estimated to be $63,528.

National Low-Income Housing Coalition reports that a New Jersey worker would have to work 137 hours a week of 3.4 full jobs a week to afford a two-bedroom Fair Market Rental for a modest two-bedroom apartment at the Fair Market Rental of $1,450 per month.

The wealth gap between younger and older Americans has increased to the widest on record (i.e., double what it was in 2005) worsened by the prolonged economic downturn that has wiped out job opportunities for young adults and burdened them with housing and college debt. The median net worth of households headed by someone 65 or older was $170,494; the median net worth for younger households was $3,662, down by 68 percent from 25 years ago according to the Pew Research Center.

"I think we have an outdated perception of where poverty is and who it is affecting," says Elizabeth Kneebone fellow and author of a Brookings Institution analysis that found a 64 percent rise in the number of suburban residents living in poverty between 2000 and 201X.

Based on Anytown's demographic characteristics, the number of unbanked and underbanked residents can be estimated at 25,646 and 59,620 respectively (based on a Census 2010 report listing 333,073 occupied housing units in that city multiplied by the national percentages of 7.7% unbanked and 17.9% underbanked. It can be estimated that the unbanked and/or underbanked residents are unable to save or borrow for financial stability.

Economics

Anytown County is home to more than 50 major employers, including the top 12, which have a workforce of 1,900 or greater. They include: Hackensack University Medical Center, Professional Employer Group Service, County of Anytown, The Society of the Valley Hospital, NJ Sports & Expo Authority, Medco Health Solutions, Quest Diagnostics, Inc., AT&T Wireless Services, Inc., Englewood Hospital and Medical Center, Aramark Services Management of NJ, Holy Name Hospital and Doherty Management Services.

Anytown has more than 20 large, freestanding retail store chains, which include, but is not limited to: Home Depot, Ikea, K-Mart, Lowe's, PC Richard, Sears, Sports Authority, Target and Wal-Mart.

There are over two dozen malls and shopping centers in Anytown County. There are also more than 20 large, freestanding retail store chains. The NJ Small Business Development Center at Anytown Community College is a non-profit that assists small to medium sized businesses with succeeding in today's environment.

Economic Outlook: The Fed slightly lowered its economic growth forecast, saying it expects the economy to grow 2.3% to 2.8% this year vs. its December projection of 2.3% to 3%. The Fed said the economy has returned to a moderate pace of growth after "a pause" late last year. Economic growth slowed to just a tenth of a percentage point in the fourth quarter, but many economists expect an annual growth rate of 2% to 3% in the first quarter. Retail sales and business investment have beaten estimates of late, and the housing market has continued an encouraging rebound. By year's end, the Fed predicts a slightly brighter job outlook. It expects the unemployment rate to fall to 7.3% to 7.5%, vs. its December forecast of 7.4% to 7.7% (USA Today, 3/20/2013)

Housing/Foreclosures

According to Realty-Trac, the number of homes listed for sale on RealtyTrac is 559 as of March 22, 201X.
In February, the number of properties that received a foreclosure filing in Anytown County, NJ was 37% lower than the previous month and 132% higher than the same time last year.

Home sales for January 2013 were up 66% compared with the previous month, and up 34% compared with a year ago. The median sales price of a non-distressed home was $383,750. The median sales price of a foreclosure home was $303,500, or 21% lower than non-distressed home sales.

The homeownership rate is 67.8%. (222,670 are owner occupied; 110,403 are renter occupied)

Government & Legislative Trends

County: Anytown has had a County Executive form of government since 1986. The executive, along with the seven-member Board of Chosen Freeholders administer all county business.

Municipalities: There are 70 municipalities within Anytown County. In addition to its headquarters in Hackensack, ATCAP operates sites in Anytownfield, Garfield and Cliffside Park, where the municipalities are supportive of the work carried out by the agency.

Anytown County is part of three congressional districts, the 5th District covering the northern portion of the county and the 9th most of the south, with Fairview, Anytown County, New Jersey being in the 8th District.

State: In New Jersey, members of the state Senate and Assembly are elected from voters in their political "districts." Following the federal census, the political map is redrawn every 10 years in order to adhere to legal and constitutional requirements including the current distribution of partisan preferences. The political landscape of

Anytown and neighboring Passaic County has shifted following a redistricting plan, which swapped towns between districts.

Hawthorne and Glen Rock, both formerly of the 35th district, will join the 38th district, which now includes Anytownfield, Fair Lawn, Hasbrouck Heights, Lodi, Maywood, New Milford, Oradell, Paramus, River Edge, Rochelle Park and Saddle Brook. Totowa will leave the 35th district and join the 40tth.

Garfield, formerly of the 36th district, and Elmwood Park (both Anytown County municipalities), formerly of the 38th district, will join the 35th district that includes Haledon, North Haledon, Paterson and Prospect Park (Passaic County municipalities).

Cliffside Park, Little Ferry Ridgefield, South Hackensack and Teterboro will depart the 38th district to join the 36th district. Edgewater and Fort Lee will also leave the 38th district to join the 32nd district and 37th district, respectively.

The boundaries for State Legislative and U.S. Congressional seats are redrawn every 10 years, based on new figures from the latest U.S. Census to ensure that the population size for each district is close to identical. The process varies from state to state and even within New Jersey is different for state legislative districts and U.S. congressional districts. Each process is delineated in the New Jersey State Constitution. The New Jersey Legislative Redistricting Commission adopted a map with new boundaries that will govern the elections for the State Legislature from 2011 through 202X.

GOALS, OBJECTIVES & ACTION STEPS

GOAL 1: To help the credit union become self-sustaining.

Objective 1: Enhance marketing strategies to increase membership.

Action Steps	Individuals Responsible	Target Date
Continue to implement the marketing strategies highlighted in the Marketing Plan that include: *;* • *Increase membership on a monthly basis;* • *Update and circulate outreach materials to individuals, businesses, etc.;* • *Increase use of technology and Social Media (e.g., Internet, Constant Contact, Facebook, Twitter, etc.);* • *Plan and participate in outreach events;* • *Review website, as applicable, to ensure that it remains current.*		Ongoing
Seek services of volunteers to assist with marketing, as applicable.		Ongoing
Explore opportunities for branch expansion in Passaic County. Include outreach to the New Jersey Community Development Corporation (Paterson) for membership in Anytown USA, i.e., individuals who live, work, worship or attend school in Anytown County.		12/201X
Market to <u>all</u> populations in Anytown County including those that are limited English-speaking.		Ongoing
Outreach to local businesses within the Credit Union's Main Street vicinity and beyond through relationship building, targeted marketing materials, meetings, presentations, etc.		Ongoing
Access resources, information and training through the New Jersey Credit Union League.		Ongoing
Place Anytown USA signage on the outside of the building at 241 Moore Street.		10/201X
Promote opening of branch locations or "mobile" services in Garfield, Englewood, or Anytownfield, etc. to generate information and interest among prospective members.		Ongoing

Objective 2: Become members' preferred financial institution.

Action Steps	Individuals Responsible	Target Date
Survey members/prospective members to gain an understanding of their needs for financial services, products and overall satisfaction with the credit union. *Use Constant Contact and/or other methods deemed effective to disseminate surveys at least once annually. Also, maintain surveys in credit union.*		1/201X 1/201X 1/201X
Survey participants in all of sponsor's credit counseling programs et. al. to determine other financial products/service needs.		Ongoing
Research the feasibility, cost and requirements for implementing postage stamp capacity in the ATM machine.		8/201X
Seek partnerships for placement of ATM machines.		12/201X
Promote credit counseling and financial education workshops throughout the community, e.g., social services, schools, shelters, faith-based groups, individuals, etc.		Ongoing
Continue to educate members and prospective members about differences between credit unions and banks.		Ongoing
Assess need and feasibility of serving as a VITA (Volunteer Income Tax Assistance) site operated by volunteers.		4/201X
Keep abreast of new product offerings and provide trainings on new services, e.g., e-statements, etc.		6/201X and ongoing
Explore and implement international cash transfers for members via Western Union.		1/201X
Research fees and opportunities for providing fee-for-service check-cashing services for non-depositors to encourage participation with Anytown USA.		1/201X
Facilitate opportunities for youth banking in school systems (high schools) in the communities of Englewood, Garfield, Hackensack and Anytownfield.		9/201X
Continue to cross-sell products to members.		Ongoing
Explore mobile banking (i.e., cell phone).		1/201X
Establish a branch in Garfield within the year. *Develop a plan of action including hours, staffing, outreach, etc.* *Open branch with Saturday hours to encourage ease of participation.*		1/201X
Establish a temporary branch in Garfield to introduce the credit union in the community prior to establishing a permanent location.		8/201X
Assess the need, plan and establish a presence on Washington Avenue in Anytownfield, which needs financial institution to serve unbanked/underbanked persons.		6/201X

GOAL 2: Maintain a safe and sound infrastructure.

Objective 1: Maintain compliance in all areas of credit union operations.

Action Steps	Individuals Responsible	Target Date
Comply with NCUA regulations, including internal documentation, vendor due diligence, policies, meetings, audits, examinations, trainings, etc.		Ongoing
Review polices on a regular basis to ensure that they remain current and relevant; add new policies if and when applicable.		Ongoing
Amend and implement the Loan Policy to further ensure repayment; insert a statement requiring withholding payment from pay checks, when direct deposit is not used. Include a statement that Anytown USA will not accept third party endorsed checks over $500.		Ongoing 6/201X
Maintain computer and other system equipment, safety protocol (including encryption), back-up documentation, etc. Upgrade the Fiserv system for compliance at multiple branch locations.		Ongoing
Maintain net worth ratio as required by NCUA.		Ongoing
Maintain staff and board that reflect the diversity of the community.		Ongoing

Objective 2: Promote staff and board development.

Action Steps	Individuals Responsible	Target Date
Attend credit union meetings (staff and/or board), seminars and conferences, etc. to increase knowledge base, stay abreast of fiduciary responsibilities, remain current with BSA training, raise awareness of industry 'best practices" and maintain compliance with NCUA regulations.		Ongoing
Maintain adequate and trained staff.		Ongoing

Objective 3: Develop products and secure loan growth during third year of operation.

Action Steps	Individuals Responsible	Target Date
Maintain and update Loan Policy as needed. (Credit Committee to review policy regularly and make any recommendations for modifications.)		Ongoing
Maintain sound strategy for encouraging loan growth while protecting the credit union from loan default.		Ongoing

Market to prospective loan candidates with a focus on the low-income sector. (This can include small micro-loans to businesses and non-profit groups; Weatherization clients, heating clients, individuals, etc.)		Ongoing
Increase methods for safe loan growth. (Limit the number of loan applications approved to "high-risk" members as written in Loan Policy.)		Ongoing
Credit Committee to report to Board each month the number of high-risk members (Credit scores of 640 and below) to help ensure a default rate of 4.7% or below.		Ongoing
Analyze data on the number of members who apply for loans and whether they are new or existing members.		Ongoing
Maintain due diligence in all areas of the credit union.		Ongoing

Objective 4: Develop sound investments and seek opportunities/resources for financial growth.

Action Steps	Individuals Responsible	Target Date
Activate a committee to access new avenues of resources. Explore fundraising opportunities and establishment of a foundation to raise resources for members and the credit union.		7/201X
Generate fee income through new products. (e.g., Fees for ATM, debit card, interchange and online bill pay) When applicable, seek NCUA approval for additional products.		10/201X
Maintain sound investment strategies as approved by NCUA to help promote growth of the credit union. Form a committee to consider new investment strategies.		Ongoing 8/201X
Determine when new regulatory changes (as related to new law on accepting municipal deposits) will pertain to Anytown USA.		Ongoing
Develop a plan for acquiring secondary capital.		8/201X
Keep abreast of opportunities for the merger of smaller credit unions with Anytown USA FCU.		Ongoing
Seek resources through CDFI (Community Development Financial Institution), NCUA and other funding sources.		Ongoing
Seek predevelopment dollars for branch expansion, CRA investments, etc.		Ongoing
Implement MOU with Fresno CDFI		Ongoing

GOAL 3: Plan for a strong future for the credit union.

Objective 1: Seek new opportunities to become leaders in the credit union industry.

Action Steps	Individuals Responsible	Target Date
Develop and/or maintain relationships with leaders in the credit union field (e.g., NCUA, NJ Credit Union League, CUNA Mutual, etc.) to keep abreast of changes and opportunities in the industry.	*R. Moore, S. Castano*	Ongoing
Review feasibility and develop/staff new branches in municipalities that have large numbers of unbanked and underbanked residents. Garfield (temporary branch 201X-full service in 201X) Paterson/Passaic Anytownfield	*R. Halsch, A. DeGiulio, R. Moore*	 201X 201X 201X
Maintain safe and sound branch operations at all locations.	*S. Castano, MSRs*	Ongoing

Anytown USA Federal Credit Union

Conclusion and Next Steps

Economic predictions from financial analysts are mixed at best, highlighting ups and downs of the markets, housing, employment and more almost on a daily basis. Clearly, it is up to Anytown USA to chart a course that will create smooth sailing for its members, the community and credit union itself regardless of economic reports. The strategic plan produced by the management and board on March 19, 2013, is designed to maintain a safe and sound financial institution, one that can weather turbulent times while promoting opportunities for membership, product and branch growth.

Anytown USA assessed that there remain thousands of people still unbanked and/or underbanked in Anytown County. The 2013-2016 Plan identifies goals and action steps that will bring credit union services into the communities where the need is greatest. It cannot be understated that when individuals and families are working toward financial stability and growth, entire neighborhoods benefit.

Through this plan, Anytown USA outlined new opportunities to empower communities and the people who live, work, worship, attend school or volunteer in Anytown County. The plan was developed with the goal of designing a future with new avenues of community economic development on the horizon.

The plan will also be used to help guide decision-making during the course of the upcoming year and each year thereafter for the next three years. (Modifications, if applicable, will be made as they pertain to current needs and conditions.)

It is the present that matters. It is the course we chart for the future that will make a difference.

APPENDIX