



**PEOPLE EMPOWERMENT CREDIT UNION**

**P.O. BOX 42227**

**PHILADELPHIA, PA 19101**

**Web Site** <http://www.geocities.com/phillycul>

Tree of Life -  
New Jubilee Harvest -  
Ownership Changes Behavior™

## **QUESTIONS and ANSWERS**

**Q: What is a Credit Union?**

A: A credit union is a democratic bank - a financial cooperative that allows a group of people to save money in a Federally insured institution and to make loans to each other at affordable interest rates. A credit union is a self-help institution owned by the people who save money in it.

**Q: What is the difference between a Credit Union and a bank?**

A: Like at a bank, all credit union accounts up to \$100,000 are insured by the Federal Government. But unlike the bank, a credit union is run by the people who save money in it. Studies show that many banks accept deposits from people and businesses in one community but invest that money in another community. By contrast, all credit union loans MUST remain in the neighborhood, according to Federal law. The same law says that all credit union profits must be returned to the community as interest on deposits. The purpose of a bank is to take profits out of a neighborhood: the purpose of a community credit union is to help people build their neighborhood.

**Q: Who will run the Credit Union?**

A: By law, depositors in a credit union are also owners of the institution, with the right to vote for the management and policies they want (it's one vote per member, regardless of the amount saved). An unpaid Board of Directors will be elected to oversee the institution; they will use a combination of paid help and volunteers to take care of the day-to-day operations. This neighborhood focus means a credit union can be much more flexible

than a bank when it comes to making loans.

**Q: Is it easier to get a loan at a Credit Union?**

A: Many times the answer is "YES." By joining a credit union, people seeking loans can make their case to a volunteer from the community - a neighbor who understands their problems. Often, credit can be extended based on a person's reputation and character.

**Q: What kinds of loans will be available?**

A: In the early days, the credit union will probably be restricted to personal loans until it can grow. After that, credit will be available for cars, mortgages, education, small business development - the whole range of community credit needs.

**Q: How much interest will the Credit Union pay on deposits?**

A: The amount of interest paid will depend on how well the credit union does financially. Depositors should expect to begin earning interest on their savings within the first year.

**Q: Many banks seem to be failing these days. How safe will my money be in a Credit Union?**

A: Once the credit union opens, all deposits will be as safe as if in a bank. The full faith and credit of the Federal government insures all credit union accounts up to \$100,000. In fact, credit unions have an even stronger government insurance fund than banks, because credit unions invest in neighborhoods - not risky places like the stock market

**Q: How does a Credit Union compare to investment plans, like a mutual fund?**

A: A credit union is a community service institution, designed to provide basic services like saving and borrowing. A credit union is also an educational institution, where people can learn about saving, spending wisely, and investing.

**Q: Who can open a Credit Union account?**

A: The credit union will be open to anyone who is a resident or works in the Philadelphia Empowerment Zone (EZ) - Enterprise Communities (EC) plus residents and workers in neighborhoods that adjoin the EZ - EC, that have the same demographic situation.

**FOR MORE INFORMATION CONTACT**

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