

# FANNIE CLAC

(a non-profit organization)

2 Whipple Place, Lebanon, NH 03766

603-443-9701

Contact Robert Chambers, President

Making new cars affordable  
to low and moderate  
income Americans

Two years old. Services Lebanon and Keene NH  
including VT Funded by private contributions

Helps low income individuals to buy cars and access  
low interest loans.

**Susan Ledoux, Section 8 housing, no HS diploma, single mom, part time job. New car changed her life. She has new full time job, higher wages and savings.**



**Margins to Mainstream: A Poor Exchange Workshop** —October 24-25, 2003—Baltimore, MD  
Sponsored by the Annie E. Casey Foundation, and co-organized by Coalition of Community Foundations for Youth (CCFY)  
and Rural Development Philanthropy Learning Network (RDPLN) —The Aspen Institute  
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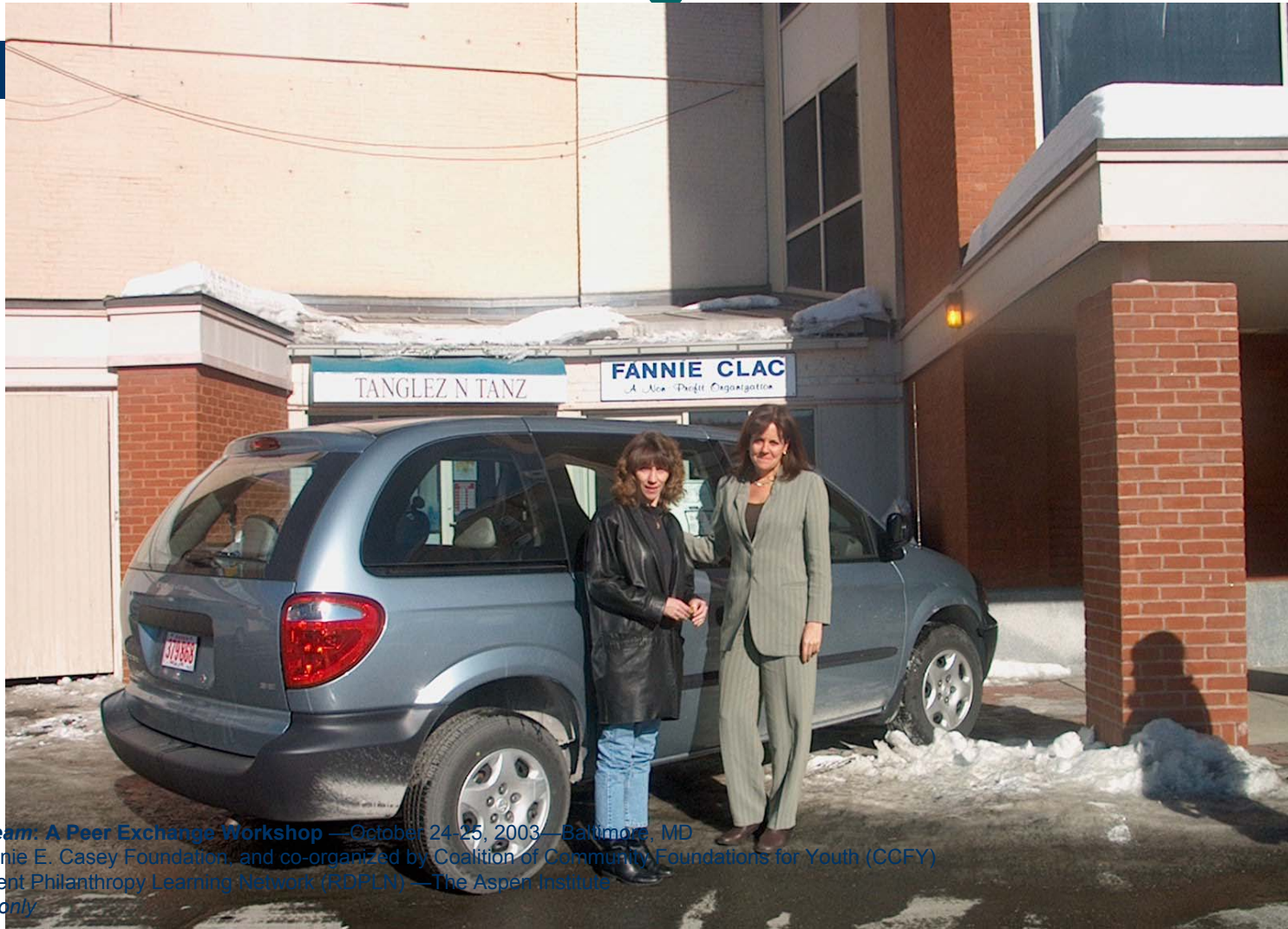
# Family Economic Success

- FANNIE CLAC Key Earn it indicator
- Reliable and affordable transportation supports;
  1. Increased opportunities for employment.
  2. Mobility to look for jobs with better pay and benefits.
  3. Reduced expenses.
  4. More time with families.

# Most low income individuals have real transportation problems.

- Need reliable cars to hold jobs.
- Buy old vehicles, ignoring high maintenance costs and poor fuel economy.
- Pay very high interest rates, as much as 25%.
- Often spend more for multiple old cars, maintenance, and fuel than for a new car.
- Make poor financial decisions when buying cars.
- Have poor or nonexistent negotiating skills

**Christina Crawford has 5 children, very low income, GED, always driven junk cars. New van changed her life.**



# Fannie CLAC has created a unique solution to help low income individuals.

- Guarantee loans to reduce interest rates.
- Help with budget counseling.
- Teach Financial Literacy classes to transfer knowledge and information.
- Pre-negotiate for new cars and warranty.
- Education about high cost of fuel mileage and maintenance.
- Negotiation is taught with insurance.

# Financial Literacy Graduation



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# Interest savings with Fannie Clac guarantee are significant

Interest Rate %	4.9	10	12	14	18	20	22	24
5 year Savings		2267	3205	4169	6176	7218	8284	9374

# Fuel Savings can contribute to new car Payment.

Monthly Savings Comparing Client car with 2003 Honda Civic

Current car MPG	10	12	14	16	18	20	22	23
Monthly Savings	\$148	\$114	\$89	\$71	\$51	\$41	\$32	\$29

This Chart is based on a person driving a 2003 car 15,000 miles per year and paying \$1.65 per gallon of gasoline.

# High repair cost is overlooked.

- \$40 is monthly repair cost for 3 year old car.
- \$65 is monthly repair cost for 5 year old car.
- \$120 is monthly repair cost for 10 year old car.
- Comes in chunks of \$300 -\$600 -\$1500 not at monthly average.
- SUV's, 4X4's and luxury vehicles are higher.

# FANNIE CLAC can double our clients buying power. \$243/month buys...

<u>Car model year</u>	<u>Financed</u>	<u>Months</u>	<u>Interest rate</u>
1995	\$6,800	36	16.90%
1996	7,900	42	14.60
1997	9,100	48	12.60
1998	10,100	54	12.20
1999	11,000	60	11.60
2000	11,100	60	11.15
2001	11,200	60	10.95
2002	11,300	60	10.65
<b><i>New 2003</i></b> <i>(FANNIE CLAC guar.)</i>	<b><i>\$14,060</i></b>	<b><i>66</i></b>	<b><i>4.90%</i></b>

**Hard working couple both with disabilities.  
Had suffered from poor auto decisions.  
They take great pride in their first new car.**



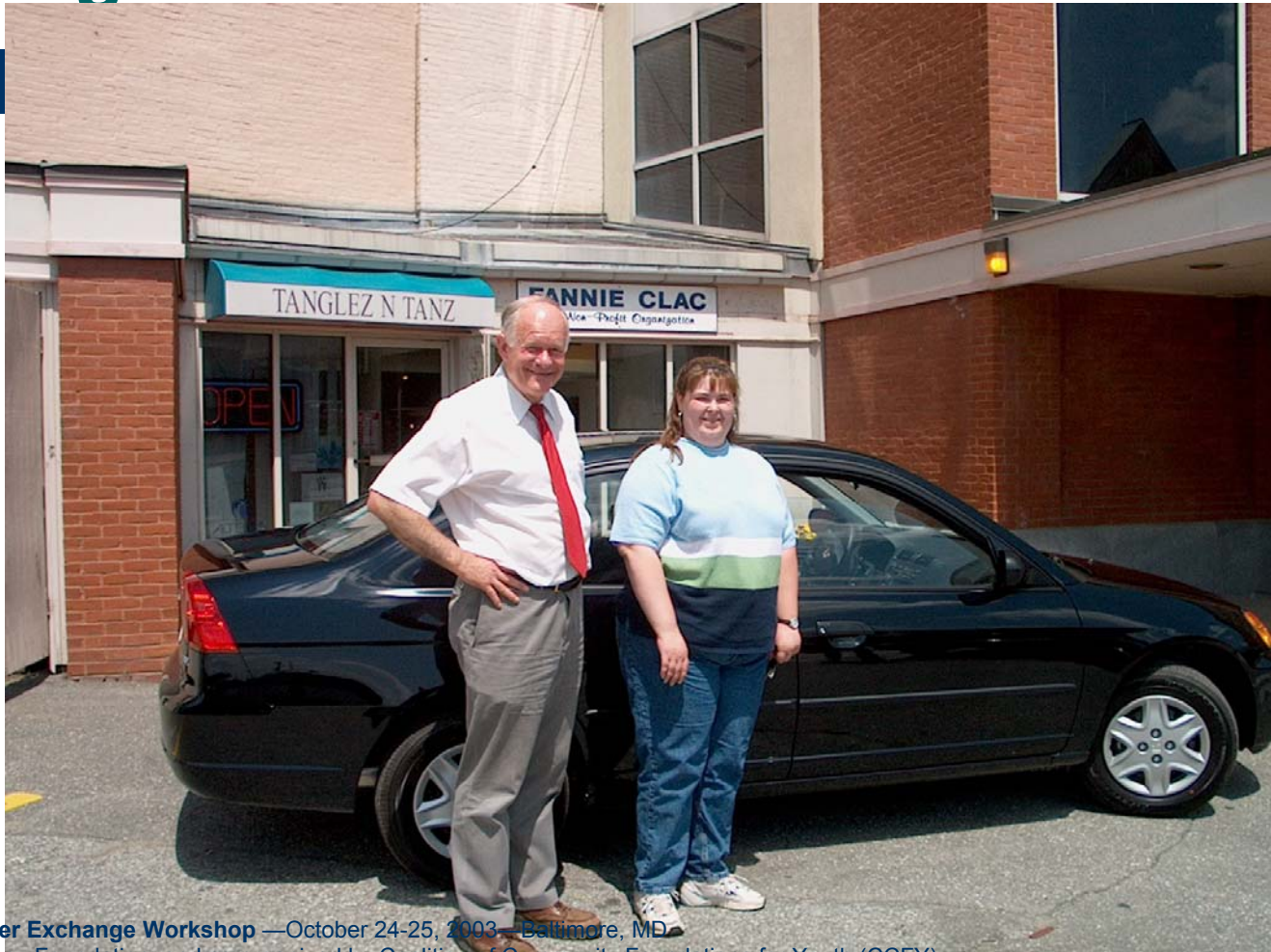
# How do clients learn about FANNIE CLAC services?

- Local non profit organization referrals.
- Attendance at FANNIE CLAC Financial Literacy classes.
- Community Bulletin boards.
- Personal referrals from clients.
- Employer presentations & communications.

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# Single mom got better paying job after getting new car with FANNIE CLAC.



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# Clients benefit in many ways.

- Creates stability amid chaos.
- Reliable transportation supports a steady job.
- Repairs are included in monthly payment.
- Monthly costs are low and predictable.
- Clients develop a good credit rating.
- They have the pride of new car ownership.
- Clients save \$4,000 - \$8,000.

Disabled father and working mother, Mary was losing job because of failing vehicle, They take great pride in their first new van.



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# The community benefits, too.

- Economic development is enhanced by a more reliable, mobile work force.
- FANNIE CLAC clients become educated buyers of homes, insurance, tools, etc.
- Gasoline usage and pollution are reduced.
- Clients have more money to spend on food, housing, health care, etc.

Robin is single mom working two jobs, was walking to work when she came to FANNIE CLAC. Her new car has positively changed her life.



# FANNIE CLAC success is growing.

- Consultations 905
- Active Clients 179
- Bridge cars 50
- New cars 137
- Women represent 73% of clients.
- Failure rate less than 3%.

**Joan Barrows came to FANNIC CLAC from a women's shelter. A car enabled her to get a job, in less than one year she got a new car and a better paying job.**



# FANNIE CLAC business plan is designed to be self sustaining.

- Guarantee, Consultation and Membership fee is added to loan at time of closing.
- This fee is designed to make FANNIE CLAC self sustaining once volume is reached .
- Less risk of failure due to funding lapses.
- Foundations support start up investment.

# Contact Robert Chambers at FANNIE CLAC.

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