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Loans put employees on road to work

Nonprofit - A national program helps needy families in Oregon finance, refinance and repair their vehicles

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At the beginning of the year, Maria Johnson had one job, two children, college classes by day and night, several big bills and a crippling interest rate on her car loan.

Her 1996 Mercury minivan was the thread holding together a patchwork of daily trips to child care, work and school -- and the payments were holding her back. A blemished credit record due to past credit overload meant the 24-year-old single mother didn't qualify for a lower-rate loan, so she was paying 39.9 percent annual interest to a finance company.

Something had to give, and that something was Portland's Ways to Work program. It gave Johnson a break.

The program refinanced her car loan at 8 percent, which reduced her monthly payment from \$155 to \$63. The North Portland woman was the first customer for the program that finds ways to help people get to work.

Ways to Work is a national program administered locally by Metropolitan Family Service. It is sponsored by the Alliance for Children and Families with money from several foundations and agencies, including the U.S. Department of Transportation, Meyer Memorial Trust and Oregon Community Foundation.

Eleven months into its first year in Oregon, Ways to Work has helped 11 Portland-area families with loans to buy, repair or refinance cars to get to work. The maximum loan is \$4,000, but the average has been \$2,000, payable over two years.

The Department of Transportation seeded the program in January with a \$250,000 revolving loan fund that is disbursed by Albina Community Bank. A committee of Metropolitan Family Service board members and bank volunteers chooses participants in the program, which has an annual budget, including the loan fund, of about \$350,000.

As families pay back their loans, the fund grows so the program can expand. Next year, Ways to Work hopes to lend to at least 40 families, program coordinator Bina Patel said.

The loans are dollar signs on a bank report, but the stories go beyond numbers.

One man with seven children was able to buy a used minivan to drive to his telecommunications technician job. And the family got a bonus: "He took the kids to the beach for the first time," Patel said.

Ways to Work promotes mass transit where it is feasible. Someone who lives and works near a convenient bus stop probably wouldn't qualify for a loan, Patel said. But for people who work odd shifts far from home, there are fewer bus options, especially after recent TriMet cutbacks.

One woman, for example, was getting up at 4 a.m. to take the bus to day care to drop off her children, then riding the bus to work. She was spending five hours a day waiting for or riding on buses, Patel said.

"She worried about paying \$5-per-minute late fees at day care if the bus was late," Patel said. A car was a boon for her.

Employers also like the program, Patel said, because it means their employees are more punctual and reliable and less stressed.

In addition to the loans, borrowers get budget planning services and one-on-one sessions with Patel to plan how to pay other debt and to improve their overall financial picture. No one has defaulted on payments, which are collected by Albina Community Bank. The bank donates loan processing and servicing for Ways to Work loans.

Patel is concerned there are many more people like Maria Johnson struggling to pay high-interest car loans.

"Oregon doesn't have a predatory lending law, and these high-interest loans are everywhere, from car dealers to banks, not just with scammers," Patel said. The demand for blemished-credit loans is growing as the first wave of students who overextended their credit cards begins to buy cars and homes.

"They often are entry-level professionals, with incomes from \$25,000 to \$45,000, who have high credit card debt and bad credit," Patel said. In many cases, they owe too much on their cars to qualify for the program.

But when they do, Patel puts her all into showing borrowers how budgeting and goal-setting can relieve financial pressure and pass control back to the participant.

Johnson graduated last week from Western Business College's medical assistant program, where she received an award for professional growth. She will be able to drop one of her two jobs in January to become a full-time medical assistant.

"All the work is paying off," said Johnson, whose next goal is to buy a home in the next three years.

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