

Quitman County Development Organization

The Quitman County Development Organization (QCDO) was created in 1977 to address the hardships faced by community residents. For almost 30 years, the organization has striven to meet the educational, housing, and social service needs of its residents, and in 1981, QCDO added a community development credit union (CDCU) to meet the financial and economic needs of the region. Quitman Tri-County Federal Credit Union (QTCFCU) is a nonprofit, member-owned financial institution established to “meet the needs of those who could not acquire adequate financing from the local banks or could only receive loans from finance companies charging very high interest rates.” The credit union fills an important gap in the area’s financial sector, as there are few commercial banks in the county. While expanding banking services to low-income residents, the credit union has also managed to grow and effectively protect its financial position.

Community Context

Quitman County is one of the poorest counties in the nation.¹ More than one-third of all Quitman County residents are below the poverty level. The median household income in 1999 was \$20,636, compared to \$31,330 in Mississippi and \$41,994 nationally. Unemployment is high in Quitman County and the rate rose from 9.9 percent in 2002 to 12.1 percent in 2003.

More than half (53 percent) of Quitman County’s housing units are owner occupied. The homeownership rate in the county is significantly less than the national or the Mississippi homeownership rates, 66.2 percent and 72.3 percent, respectively. Further, the value of owner-occupied units in Quitman County is extremely low, \$37,100, as compared to the Mississippi median house value, \$71,400. Lower housing values in Quitman County may in part be attributable to the high rate of mobile home usage in the area. Currently, 16 percent of all occupied housing units are mobile homes as compared to 7.6 percent nationally.

¹ Quitman County is number 50 on the list of the 200 poorest counties in the nation. See Taking Stock for a discussion of persistent poverty.

Consistent with national trends, Quitman County renters were cost burdened to a greater extent than homeowners in the county. Over one-third (33.1 percent) of all renters in the county are cost burdened and 27.7 percent of all owners. Quitman County residents also contend with several housing quality issues, including crowding (6.1 percent) and lack of telephones (12.3 percent). Over half of Quitman County’s housing units were constructed before 1970.

Project Completed

QTCFCU offers a range of banking products and services to the local community, including:

- Savings accounts²
- Christmas club accounts
- Signature Loans
- New and used vehicle loans
- Bill consolidation loans
- Home mortgages and rehabilitation loans
- Grace loans (i.e., payday loans)

QTCFCU has designed a series of low cost banking products for their members. After paying a one time \$3 membership fee, participants can open a regular savings account, with a minimum balance of \$25. The low balance requirement and nominal membership fee provides low-income households with a banking alternative that is more cost effective than check cashing outlets and more accessible than most commercial banks.

The credit union designs products and services that are customized to fit the needs of the local population. For example, QCFCU offers special loan products, including “Cold Cash for the Hot Summer Loan Sale” and the “Christmas Holiday Loan Special.” Members can borrow smaller amounts to meet Christmas shopping needs at reasonable rates, rather than fall behind on their bills or satisfy their needs using high cost loan products.

² Credit union members have access to automated teller machine (ATM) cards and can also utilize the bank’s payroll deduction and ACH services.

QCFCU has several loan products available for member use and approximately 24 percent of the current members are borrowers. In order to borrow from the credit union, applicants must be members for at least 45 days and have a minimum balance of \$125 in their account. As noted above, the credit union has designed loan products that reflect the needs of the local residents; loans are affordable and small amounts can be borrowed for short periods. Signature Loans can be taken out for amounts ranging from \$300 to \$2,500; the interest rates for these loans range from 16 percent to 30 percent, depending on the amount. Share Secured Loans can be taken out for \$300 to \$75,000 at 6 percent interest for five years. The current average loan balance is \$4,181.

Resources Utilized

Rural Housing and Economic Development funds have been an important resource in addressing housing and economic development needs in the region. In 2001, QCDO received a grant from Rural Housing and Economic Development (RHED) in the amount of \$150,000. This grant was used to increase the capacity of the QCDO housing department. In 2002, QCDO received a grant from RHED in the amount of \$400,000 in order to implement the QCFCU Expansion and Development Program. This program will allow direct contact to services by homeowners and industry with in the federally designated North Delta MS Enterprise Community.

Program Outcomes

QCDO has made a significant on the housing opportunities available in the Quitman County area. Below are several of the key accomplishments.

- **Micro-Enterprise Development:** Through its Micro-Enterprise and Business Loan Program QCDO provides loans of \$1,500 to \$25,000 to stimulate and support the development of small businesses in the region. The organization has committed more than \$200,000 to create a host of local businesses, including a trucking business, a restaurant, and a childcare facility.
 - **Childcare:** QCDO created and operates a childcare facility that provides care for 49 children aged 6 weeks to 4 years old and jobs for 12 low-income residents.
- QTCFCU has also grown in the last several years and provided increased access to capital for the region's residents.
- Because of the credit union's expansion into neighboring counties and its extensive outreach efforts, QTCFCU's assets have grown tremendously in recent years. The credit union currently maintains assets of \$6,019,260.
 - QTCFCU has also won the Dora Maxwell Social Responsibility Award from the Credit Union National Association in November 2002.
 - Since 1982, QTCFCU has made over \$20 million in loans that are used by members to consolidate bills, purchase new or used vehicles, purchase or repair homes, pay tuition costs, and meet other financial needs.
 - QCFCU currently holds a total of 87 first mortgage real estate loans or lines of credit in its portfolio with a total value of \$1,621,988.
- **Affordable Housing:** QCDO has had a long history developing, managing, and rehabilitating affordable housing in the region. The organization offers pre- and post-counseling for homebuyers and provides low-interest loans and grants to homeowners for housing rehabilitation.

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