



## 'Lending Circle' created for Mutual Housing residents in Spring Lake

When Richard de la Fuente heard that Mutual Housing at Spring Lake was starting a resident lending circle, he was eager to join.

"I had heard of one a long time ago," said de la Fuente. "That one was informal, just a group of people."

Called a *tanda* in the Hispanic community, each person promises to put a set amount of money into the pot every month for as many months as there are people.

For this lending circle, each person put in \$100 a month.

Each month, one person – chosen at random – gets the funds.

"At the first meeting, they each picked a number out of a hat," said Iliana Chevez, Mutual Housing community organizer who helped residents set up the lending circle at the LEED Platinum housing community that charges affordable rents to agricultural workers and their families.

Like many farm hands and field workers, de la Fuente has no dental insurance. When he needed a cleaning and a filling, he put it on a credit card.

"They wanted me to get a root canal, but I couldn't do that because I don't have dental insurance," said the 48-year-old Mutual Housing at Spring Lake resident.

De la Fuente used the money to pay off the dental bills on his credit card.

"It is a good way to save money," said de la Fuente. "It wasn't much money to put in when you start, but it really helps when you get your turn."

Mutual Housing director of community organizing, Fernando Cibrian, said that some people want the discipline.

"If they weren't doing this, they may not have the discipline to save that long," said Cibrian. "It's the peer-to-peer pressure that keeps them going."

The group had six members and lasted six months.

One woman used the money to pay off her sister's medication.

The "loans" also can be used to apply for citizenship – that costs nearly \$500 – or a quinceanera or other event.



Richard de la Fuente is part of a 'lending circle' at Mutual Housing in Woodland.

Founded in 1988, Mutual Housing California develops sustainable housing that is affordable to a diversity of households. Our housing builds strong and stable communities through resident participation and leadership development. For more information, call (916) 453-8400 or visit our website at [mutualhousing.com](http://mutualhousing.com).

*continued on back*

Before joining the group, each person takes a financial training class on such items as budgeting and building credit history.

Despite not having dental insurance, de la Fuente was lucky in another respect – he did have credit.

Many people in low-income households cannot get credit and are forced to turn to payday lenders that charge exorbitant interest rates.

California's legal limit is 459 percent on a payday loan.

A study by the San Francisco-based nonprofit, Mission Asset Fund found that 44 percent of Mission District residents had no access to loans or credit.

While tandas can help immigrants with immediate financial needs, they don't build a credit history.

Because Mutual Housing California's lending circle was part of MAF, members were able to build credit histories as part of making monthly payments to the group.

Mutual Housing staff hopes to start another lending circle in spring – and also to expand lending circles to the nonprofit's other communities in future.

"We would love to be able to offer this for all our residents," said Rachel Iskow, Mutual Housing California Chief Executive Officer. "It not only helps them save money and avoid predatory lenders, but by working together for the good of one, they succeed in helping all. It helps build a strong sense of community and trust among neighbors."

Citibank provided a grant to help fund the planning and implementation of the program.

They also were a lender on the Mutual Housing at Spring Lake development.

Founded in 1988, Mutual Housing California develops, operates and advocates for sustainable rental housing for the diversity of the region's households.

A member of NeighborWorks America – a congressionally chartered nonprofit organization that supports community development nationwide – Mutual Housing has more than 3,000 residents, nearly half of whom are children.

Through its focus on community, the nonprofit also provides training and mentoring as well as educational programs, leadership-building activities and services for residents and neighbors.