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CU*SOUTH Offers Alternative to PayDay Lenders

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CU*SOUTH, a CUSO providing core data processing services, announced that it now offers a micro-lending service for credit unions who are interested in presenting an alternative to predatory PayDay lenders.

CEO Leo Vaulin describes the benefits:

"This is winning proposition for both credit unions and their members. Credit union can offer a more competitive fee structure on these loans, but still preserve sufficient revenues to cover their risk and make it a profitable program. Along with more reasonable rates, credit unions can help borrowers by providing access to financial education in their communities."

"We see this as a process towards the goal of financial independence," continues Mr. Vaulin. "You start by replacing a predatory pricing structure with one that is more equitable – the member has more money left over on their next payday, and they are encouraged to start saving and building a stronger relationship with their credit union. Gradually, as they establish a good history with the credit union, you can wean them away from this dependency, and move them towards your more conventional credit products. In the meantime, you've helped develop the PFI relationship with that member, and that's worth thousands of dollars over the long term."

CU*SOUTH has partnered with Lender*VP and Prospera Credit Union in implementing their proven business model, GoodMoney, which includes branding and consulting services to deliver a turnkey solution to the credit union.

Tri-Rivers FCU in Montgomery, AL, is the first credit union to implement GoodMoney with CU*SOUTH. CEO Mr. James Dill is excited at the prospect of offering his members a better choice. "In some ways, the GoodMoney model is similar to Courtesy Pay," he says. "You're extending short-term credit for a limited amount and a very limited term. GoodMoney allows us to work with members who might not qualify for our conventional loan products – or even Courtesy Pay. Our objective is to build that long-term relationship and help our members break the cycle of barely making it from paycheck to paycheck."

About CU*SOUTH

CU*South is a CU-owned cooperative focused on building a network of successful credit unions. CU*South offers a wide variety of services for credit unions including its flagship CU*BASE processing system in both an online (ASP) and in-house environment, and Internet development services featuring the **It's Me 247** online banking product. As a partner of the cuasterisk.com network, CU*South provides the most comprehensive offering of information technology tools and services through a collaborative, shared ownership model. "Over 500 credit unions build their success on the tools and technologies we offer. We give our client-owners the same great value they offer their own members, giving them the opportunity to invest in the success and security of their credit union," says CEO Leo Vaulin.



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