

\$40M in loans will pay for retraining

Wednesday, December 6, 2006

jparikh@kalamazoogazette.com 388-8558

First Community Federal Credit Union in Parchment is among 31 Michigan-based credit unions offering low-interest education loans to people who have been laid off.

First Community has earmarked \$1.5 million in funds for the Career Transition Loan program, said Jenny Tabanguil, a marketing associate with First Community Federal.

Representatives of the Plainwell credit union, the Michigan Credit Union League and the Michigan Department of Labor & Economic Growth were scheduled to announce the new loan program during a press conference at 11:30 a.m. today at First Community.

Of the state's 385 credit unions, another six are awaiting approval from their boards to join the loan program, said Lori Bahnmueller, a spokeswoman for the Michigan Credit Union League in Plymouth. She said \$40 million is available through the participating credit unions.

The low-interest-loan program is available to members of participating credit unions who have been laid off and want to go back to school for retraining that will get them back into the work force, Bahnmueller said.

“About three months ago, the members of a credit union founded more than 50 years ago by Ford Motor Co. employees were trying to come up with some viable ways to help their members who are losing their jobs,” Bahnmueller said.

The result was a \$10 million pool of funds made available by the former Dearborn Federal Credit Union, now known as DFCU Financial.

Loans are capped at \$10,000. The Michigan Department of Labor & Economic Growth is providing \$1.5 million that will be used for a \$500-per-semester book allowance for loan recipients.

Recipients of the loans will be given two-year grace periods before repayment begins. They will have up to 10 years to pay back the loans.

Tabanguil said there are no stipulations on the type of retraining borrowers seek or the educational institutions where the loans may be used.

“We were talking about all of the jobs that have left,” she said. “We are just trying to give people an opportunity to further their education so they can get a better job.”

Michigan Department of Human Services officials said Tuesday that one in every six Michigan residents is now receiving some type of food or cash assistance from the state.