

# A partnership for community betterment

## Habitat for Business, credit scoring research ties SLU together with Justine Petersen

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Justine Petersen was a pioneer in progressive lending in St. Louis at a time few people were willing to take a chance on offering loans to low-income individuals.

But, this licensed social worker knew that economic opportunities can turn people's lives around.

So, in the 1980s she began pressing banks to mandate that a percentage of loans be made available to low to moderate-income families. When she died in 1996, her colleague, Robert Boyle, took it a step further and named a new organization after her.

That organization, Justine Petersen, recently moved to Grand Center and has partnered with Habitat for Business, housed in the Saint Louis University's John Cook School of Business.

One of Justine Petersen's missions is to offer help for better economical development for those with lower credit scores. In short, they offer non-traditional loan sources to startup businesses. If a potential business owner's credit score isn't high enough to obtain a conventional loan, most traditional banks won't lend money. However, Justine Petersen can step in with community development loans to help these small businesses.

Kevin Schulte, director of SLU's Center for Entrepreneurship, which spearheads the Habitat for Business effort, said that one of the struggles the program had was that as they were working in low income neighborhoods, they would frequently have to turn a potential business away.

"Justine Petersen allows us to work with people from those neighborhoods easily and more quickly," Schulte said. "We were really hard-pressed to find startup funds for many people, and that's where Justine Petersen steps in."

Justine Petersen acts as a liaison, connecting clients with actual home loans or business loans. In terms of business loans, they come from the Small Business Association, and Justine Petersen borrows the money from the government to relend to small businesses in metro St. Louis and part of Illinois. Those who would typically be denied a small business loan due to credit issues can be helped in this way through Justine Petersen.

Habitat for Business uses a targeted section of the lowest income, highest population areas in the city of St. Louis and the larger metropolitan region.

"We draw a circle around it, and that's our mission area," Schulte said. "We want to increase economic development and positive role models for kids in the area. There's no time like the present to pursue your dream and vision of starting up a business."

Galen Gondolfi, senior loan counselor at Justine Pe-

tersen, said that partnering with SLU in assisting clients is a win-win situation.

"We will actually be able to help those with lower credit scores to have their small business dream," he said. "We are also hoping to host seminars at the Grand Center location."

This partnership between SLU and Justine Petersen is nothing new. In 2000, SLU performed a one-year credit score study that focused solely on home ownership clients and how effective they were in purchasing homes.

Julie Birkenmaier, Ph.D., associate professor of social work at SLU, spearheaded the original study. She is planning a new study that will have a wider focus that will include 270 Petersen clients and 50 SLU employees for comparison.

"We are doing an evaluation for those that use credit builder products, and we've also expanded it to look at them over a four-year period of time," she said.

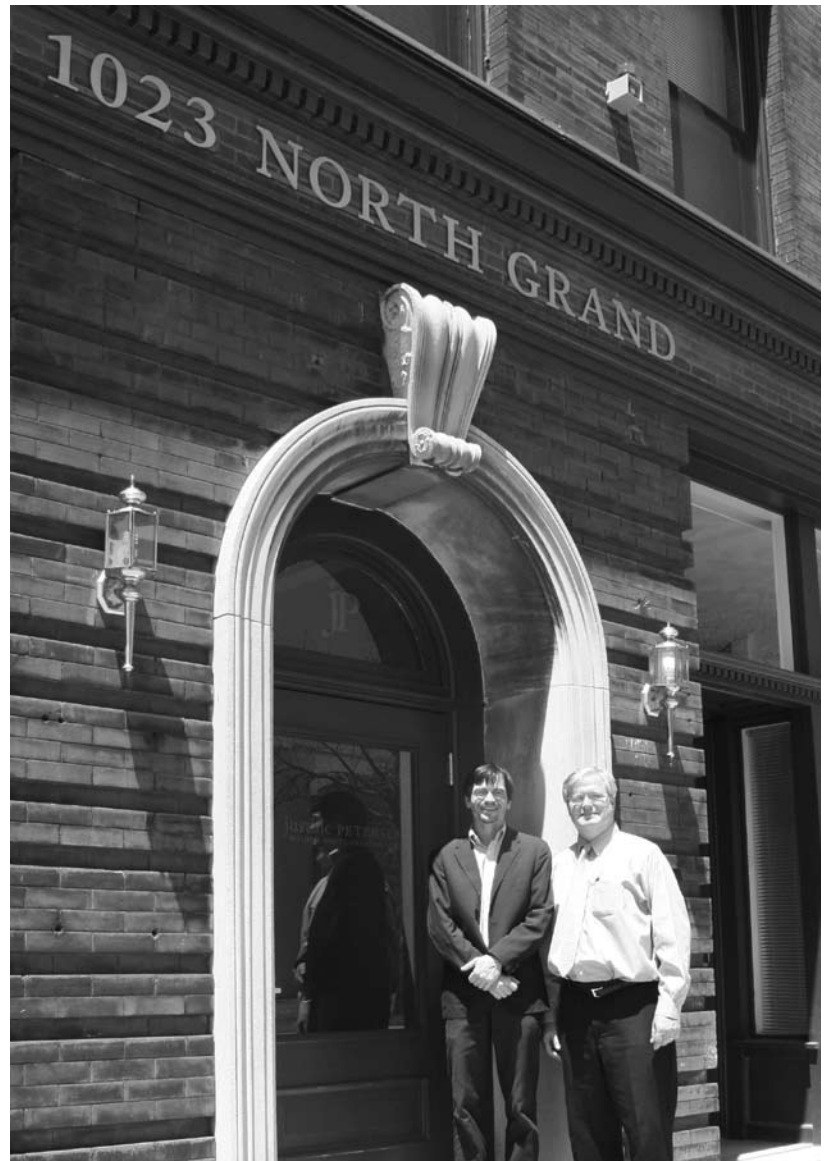
The subjects' credit report information is pulled annually for four years and then is analyzed to see whether the subjects' credit score and overall financial future improves.

"Overall, there will be 270 Petersen clients and 50 SLU employees that are in a comparison group that aren't in any program, but are actually trying to build their credit as well," Birkenmaier said.

The Petersen clients will be a mixture of individuals who have received home ownership loans and microenterprise funding — small, often short-term loans made to impoverished entrepreneurs.

"I'm excited to be a part of evaluating those efforts toward their overall goals," she said. "We'll be able to look back if their credit score improved, or if the financial future improved."

Birkenmaier hopes that the study can help strengthen the community through home and business owners, due to the fact that the extent of the previous study helped Justine Petersen introduce a new credit builder product that they are excited about. In looking at if credit counseling does in fact help strengthen lower-income communities,



Galen Gondolfi, senior loan counselor at Justine Petersen, and Kevin Schulte, director of SLU's Center for Entrepreneurship, partnered together through Habitat for Business.

this will give Justine Petersen the tools it needs to have more credit builder products available to potential home buyers and future business owners.

The first study found that credit counseling was moderately effective in raising credit scores, especially in females, heads of households and African-Americans.

Through the credit score study and working with Habitat for Business, hopefully members of impoverished local communities will have more of an understanding of how to achieve their dreams of owning a business.

## INQUIRING PHOTOGRAPHER

### WHAT DO YOU THINK IS THE MOST PRESSING ISSUE IN THE UPCOMING PRESIDENTIAL ELECTION?



"The war in Iraq, health insurance, price of gas."

— **Linda Saffore**, coordinator, parking and card services



"Restoring the trust of the American people."

— **Steve Werner**, instructor, School for Professional Studies



"The economy because we're at a crossroads and we need good leadership to guide us into a new era of prosperity."

— **Nick Sargent**, publications writer, marketing and communications



"Faith. I believe the next president should be a man of faith so that any decisions he makes are based upon the Lord's will."

— **Beth Glauber**, administrative assistant, department of psychology



"The economy and the unemployment rate would be the most pressing issues."

— **Shontae Williams**, administrative secretary, department of chemistry



"The state of the economy because there are so many people out there struggling to make it day to day."

— **Daniel Dick**, financial aid counselor, student financial services