

# Bonnie CLAC (CAR LOANS AND COUNSELING)

Helping people from all walks of life get the most car for their money

## THE PROBLEM

When making car purchases, very low to moderate income households are faced with limited options. The lack of reliable cars at decent financing terms for these families forces them to purchase expensive, unreliable cars again and again, which results in dire work and credit consequences, poor health conditions, and negative environmental impacts. According to an Aspen Institute report, 90% of these families purchase vehicles that are “bad, vastly overpriced, and wildly over financed” while the remaining 10% do not even own a car.

## BONNIE CLAC - A PROVEN SOLUTION

Bonnie CLAC, a New Hampshire-based nonprofit, created a unique program that helped struggling families and individuals break the cycle of poor financial decision making by using the car buying process to catalyze lasting change, financial stability, and control.

Bonnie CLAC guides the consumer through the car-buying process from start to finish. It provides counseling, teaches financial literacy classes, and guarantees car loans at wholesale interest rates to consumers who would not otherwise qualify for them to finance new or nearly new reliable, fuel-efficient vehicles that suit the clients' needs.

Bonnie CLAC instituted the very first, and to date only, lending relationship between a financial institution and a nonprofit organization to provide wholesale financing rates to low income consumers.

## SOCIAL AND ECONOMIC BENEFITS

The program saves a client, on average, over \$12,000 over the five-year period of the loan while also achieving a positive impact on the client's work, life, and well-being, all while contributing to a more sustainable environment. On average, the program reduces carbon emissions by 36 metric tons of CO<sub>2</sub> per person over the life of the car.

Since inception, Bonnie CLAC has financed nearly 1,200 new cars, served over 1,350 people, and arranged for over \$13 million in loans, with a default rate of only 4%. In the aggregate, Bonnie CLAC has saved alumni of the program over \$1.8 million dollars and will save them more than \$12 million over the course of their loans.

*For additional information, visit [www.bonnieclac.org](http://www.bonnieclac.org).*

## BONNIE CLAC PROGRAM SUCCESS

**Results:** The program has helped over 1,200 people to purchase fuel-efficient vehicles at the best price and lowest loan rate available and facilitated over \$13 million in loans for its clients.

**Impact:** Clients save, on average, over \$12,000 over a five-year period while also achieving a positive impact in their work, life and health. On average, carbon emissions are reduced by 36 metric tons of CO<sub>2</sub> per person over the life of the car.

## ABOUT ROOT CAUSE AND ITS PUBLIC INNOVATORS INITIATIVE

Root Cause is a nonprofit organization that works to advance enduring solutions to social and economic problems by supporting social innovators and educating social impact investors. Public Innovators, a nonpartisan Root Cause initiative, supports a new wave of government leaders at the city, state, and federal levels who ensure the creation and growth of the most efficient, effective, and sustainable solutions to pressing social problems. To learn more or find additional case studies, visit [www.publicinnovators.com](http://www.publicinnovators.com).

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