

Remarks to Joint Interim Task Force on Addressing Racial Disparities in Home Ownership
Submitted by: Pamela Leavitt, Northwest Credit Union Association
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Good afternoon members of the Task Force, my name is Pam Leavitt and I represent the Northwest Credit Union Association. I am here with Andrew Emerson, Vice President of OnPoint Community Credit Union Mortgage.

The Northwest Credit Union Association represents the 58 state and federally-chartered credit unions in Oregon, with 2 million Oregonians as members. Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. Community service, financial education outreach and philanthropy are in the credit union DNA and are evidenced in virtually every credit union branch and office. Credit unions invented the concept of financial institutions as “People Helping People.”

The foreclosure crisis and resulting recession revealed a broken housing market with home loan products that were hard for many consumers to understand. As not-for-profits, however, Oregon’s credit unions put members’ interests first offering simple and straightforward home loan products at reasonable interest rates. In January 2010 nearly 3.5% of homeowners in Oregon were 90 days or more behind on their mortgages. At that time delinquency at Oregon credit unions was at 1.75%. Still, Oregon credit unions worked closely with these members to help them find amenable solutions. Today 90-day delinquency at Oregon’s credit unions stands at .25% and foreclosure is almost unheard of.

Housing must be accessible to people of all income levels and demographics for the market to be stable and balanced. 39 of Oregon’s 58 credit unions are low income designated meaning that they primarily serve members that make up 80% or less than the median income. Oregon credit unions offer their members the products and services they need to achieve their financial dreams including owning a first home.

Everyone benefits from a stable housing market and subsequently, a stable economy. Oregon credit unions have provided low cost home loans to their members for years. The average interest rate on first mortgage loan portfolios at Oregon credit unions is 4.02 percent, a number that has been relatively stable for the last five years.

These are the amazing things credit unions are doing to address the issue of affordable housing in rural, suburban, and urban communities across Oregon state. To reiterate:

- Credit unions already provide affordable housing to many families (including low income families) across Oregon.

- During the housing crisis, Oregon credit unions didn't rely on predatory practices, and as such their foreclosure rates were much lower than state average (and continue to be).
- Oregon credit unions need to do and are doing innovative things to solve current affordable housing crisis, such as providing financing for tiny houses, micro communities, and co-operative housing.

Northwest Credit Union Foundation (NWCUF)

The long-term goal of NWCUF's workforce housing initiative is to increase affordability and access to workforce housing options in the Northwest. Being community-based cooperatives, credit unions have close relationships with their membership base and local partners that traditional lenders simply don't have. These connections to the community make the design and delivery of innovative housing solutions not just possible, but an incredible opportunity to showcase credit union leadership in addressing the housing barriers faced by underserved populations and others across the country. Credit unions are uniquely positioned to think creatively and leverage resources to help address this critical issue. Whether it's single-family homes in rural Eastern Oregon, or large apartment buildings in Portland, one thing remains abundantly clear: credit unions in our region want to step up and achieve measurable, positive impact for their members and communities. The Northwest Credit Union Foundation will serve as a hub for incubating innovative solutions that have the potential to be scaled or replicated to improve affordability and access to workforce housing options across the Northwest.

NWCUF is working with Northwest credit unions on the following:

- Building capacity for CUs to address the economic and racial inequity in their communities through the creation of targeted products and services for their underserved and minority populations
- Down payment assistance, security deposit loans, move-in cost loans, residential infill, ADUs, condo conversions
- Implementing a Portland metro-based pilot project for a credit union-led low-cost security deposit loan program that can be rapidly scaled to meet the needs of vulnerable populations.

Oregon CUs who have received grant funds in 2018 to create a workforce housing program: Consolidated CCU, Central Willamette CCU, Pacific Crest FCU, Trailhead, Point West CU.

Other Examples from credit unions:

OnPoint Community Credit Union

Homeownership Education

At OnPoint, we believe in the dream of homeownership, and that well-educated homeowners have the best chance for long-term success. To support sustained homeownership, we offer the following services free of charge to our members and/or members of the community:

- Access to BALANCE financial educational services, providing potential homeowners access to a wide variety of services, including webinars, debt management information, online tools and calculators, and homeownership-related counseling services.
- Monthly in-person homeownership courses led by subject matter experts in mortgage finance and real estate to educate potential buyers on the intricacies involved in purchasing and owning a home.
- Partnerships with local nonprofit resources, such as the Portland Housing Center, to educate members of the community on available options and resources for obtaining homeownership.

Oregon Community Credit Union

Recently, OCCU hired a mortgage loan officer fluent in both English and Spanish. Speaking with someone in their primary language will help many of our Spanish speaking members feel more comfortable and confident through the mortgage and home buying process. OCCU also employs two full time loan counselors in our Credit Services area who work with members under financial stress. We have had this program for more than 20 years and have helped thousands of member's work through financial difficulties, so they can keep their home and/or vehicle.

Consolidated Community Credit Union

We are developing four different loan programs with our Community Development Financial Institution affordable housing grant. The first loan program is a 100% first mortgage product that will be made to borrowers that are 80% of the medium income or in live in one of 194 census tracts in PDX/Vancouver that are designated reinvestment areas. We also have an Accessory Dwelling Unit (ADU) loan and an infill loan product that will help maximize the existing services within the urban growth boundary of Portland. Our last program is one we are working with in conjunction with Point West CU and that is an individual tax ID number mortgage loan for individuals that are undocumented. This is a segment of the population that wants to own a home, but is excluded from traditional home financing through FNMA and Freddie Mac loan programs. We are fine tuning and marketing this programs as we speak, and are looking forward to rolling this programs out Q1 of next year.

Oregon State Credit Union

Oregon State Credit union partners with several non-profits and others to offer and provide Down Payment Assistance programs available to borrowers meeting certain median income requirements. Below are a list of a few of the programs available.

Home\$tart® and Home\$tart Plus which are down payment and closing cost assistance programs offered by the FHLB Des Moines to qualifying home buyers through member financial institutions. Oregon State Credit Union is a member financial institution offering these programs to our members.

Native American Homeownership Initiative (NAHI) is a down payment and closing cost assistance program offered by =FHLB Des Moines to qualifying Native America, Native Alaskan and Native Hawaiian home buyers through member financial institutions. Oregon State Credit Union is a member financial institution offering this program to our members.

Valley Individual Development Accounts (VIDA) savings accounts (Oregon State Credit Union is a financial partner) amplify borrower saving power by matching every dollar they save with three more. Qualified applicants are able to earn up to \$3000 (by saving \$1000 over one year) or \$6000 (by saving \$2000 over two years). These funds are granted only for the purpose of home purchase by CASA (Community and Shelter Assistance) of Oregon.

City of Corvallis First Time Home Buyers program provides no interest loans of up to \$20,000 for low-income first time homebuyers to cover a portion of the down payment/closing costs associated with their purchase of a home within the City of Corvallis. Oregon State Credit Union is a participant in this program for our qualifying members.

In Summary, to truly create affordable housing, Oregon credit unions are increasingly looking for innovative ways to create a greater variety of housing options that meet the demand, particularly for low-income families. Oregon credit unions stand ready to provide members with loans that meet their needs. Oregon credit unions recognize that our future depends on meeting these needs. Recognizing, children who grow up in stable, healthy housing are more successful in school, and are physically and socially healthier.

Federal Law

The Federal Fair Housing Act

The Federal Fair Housing Act is a law that was created to put an end to discriminatory practices in any activities related to housing. The Act was created with the belief that every person has the right to rent a home, purchase a home or get a mortgage on a home without being afraid of discrimination due to their membership in a certain class of people. There are seven classes protected under the Federal Fair Housing Act: race, color, national origin, religion, sex, familial status and disability. The goal under the Fair Housing Act for mortgage lending is as follows: To end discrimination against the protected classes in any of the following ways: Refusing to make or purchase a mortgage loan. Setting different terms or conditions on the loan, such as interest rates or fees. Setting different requirements for purchasing a loan. Refusing to make information about the loan available. Discriminatory practices in property appraising.

The Equal Credit Opportunity Act (ECOA)

The Equal Credit Opportunity Act (ECOA) and its implementing regulation, Regulation B, prohibit creditors from discriminating against any applicant with respect to any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Equal Credit Opportunity Act makes it illegal for a creditor to discriminate in any aspect of credit transaction based on certain characteristics. It is illegal to refuse you credit if you qualify for it. Discourage you from applying for credit. Offer you credit on terms that are less favorable like a higher interest rate than terms offered to someone with similar qualifications. Close your account. Creditors are also prohibited from making any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage, on a prohibited basis, a reasonable person from making or pursuing an application.