



The Northwest Credit Union Association represents the 58 state and federally chartered credit unions in Oregon, with two 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 in Oregon protect more than \$25 billion in assets – the life savings of their two million members who live and work in communities large and small, urban and rural.

- ***Credit unions have been providing assistance to members during the COVID crisis in the form of skip payments, forbearances, loan modifications, credit card payment deferrals, Zero interest loans other accommodations on existing loans, as well as providing new emergency loans. In addition, Oregon credit unions have been working to assist small business by providing Small Business Administration Paycheck Protection Program loans. These loans allow businesses experiencing closure or slowdowns, to continue paying their employees for up to two months.***
- ***NWCUA supports policy that will allow flexibility for credit unions to do what they do best – meet the needs of their members on an individual basis.***

Oregon Credit Unions Responding to COVID Crisis

Credit unions have a well-established history of service to members, especially following disasters, emergencies, and disruptions. They provide direct assistance to their members in the form of low-and no-interest loans, payment forbearance, fee waivers, payroll advances, loan modifications, and other services that help meet the needs of their members in crisis.

No portion of our society will be spared from the impact of the COVID-19 pandemic. It is a humanitarian crisis on a global scale, that will put stress on our health care, government, distribution, small business, and educational structures.

America’s credit unions serve those on the front lines-- members who are working to keep others safe during the pandemic. Several Oregon credit unions have a primary field of membership that includes schools, healthcare workers, police, fire, transportation, utilities, and government employees.

Federal Mortgage Relief

The CARES Act provided for a moratorium on foreclosures for any federally backed mortgage loan. The agencies have extended this moratorium through June 30. The CARES Act also established a right for any borrower in a federally backed mortgage loan to request forbearance for up to 180 days, and an extension for up to an additional 180 days. This provides some temporary relief, but for some borrowers it can also create further stress.

Forbearance is a temporary suspension of monthly mortgage payments. Federally backed mortgages require all suspended payments along with the current month’s payment are due in full at the end of

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the forbearance term. The vast majority of borrowers in owner-occupied homes, have federally backed mortgages.

There are a lot of misconceptions about how forbearance works. Many Americans believe a forbearance is simply tacking missed payments onto the end of their loan. This is a dangerous misconception and at present, financial institutions are bearing the brunt of responsibility for educating consumers. Local, state, and federal agencies are encouraging lenders to do forbearances but there is no requirement on education surrounding who should and should not ask for them. A recent CFPB study shows that more than half of respondents polled wouldn't be able to stay current on their obligations if they went without a paycheck for up to two months.

Many borrowers would prefer to establish an arrangement for handling the deferred payments at the time they receive relief from the lender. Many credit unions holding their own loans have been willing to enter into payment deferral or modification agreements, allowing the borrowers to extend the term of the loan or re-amortize payments at the end of the deferral, or to otherwise adjust the loan to address the skipped payments.

Credit Union Examples – Lending Today

I am pleased to share some examples of mortgage assistance that Oregon credit unions are providing to your constituents at a time when they most need it.

- US Agencies Federal Credit Union in Portland told us about a woman who has been a member since 1985. Her mortgage interest rate was 5.75% and the credit union was able to offer her a much lower rate-- 3.25%! This new loan will save her three years of payments and \$28,000 in interest overall, while lowering her monthly payments.
- Unitus Community Credit Union has assisted members by processing 99 home mortgage forbearance requests on \$24.1 million in loan balances. Unitus has been working round the clock to support members the past 8 weeks. Outside of the first mortgage servicing, they have helped members with over 4,700 temporary payment deferrals what is now \$102 million in non-residential mortgage loans such as auto loans, personal loans, credit cards and similar loan programs. Also on the credit side, they have funded 45 Covid-19 emergency paycheck replacement loans for \$139,000. They reported, “even if our loan was not housing related, our actions helped members preserve cash for paying rent, mortgage payments and related household bills.”
- With mortgage rates falling to historic low levels, members of Rogue Credit Union in Medford, are taking the opportunity to refinance their home loans. The credit union has seen a 307% increase in refinance activity over this time last year. Rogue has helped 81 members reduce their house payment on average by \$279.27 per month. In addition, they've helped 141 members turn over \$4.1million of equity into cash. One of Rogue's members who is expecting a baby had to reduce her hours. Her husband was laid off at work and they have very little income. The mortgage relief has allowed them to rest easier, knowing that they do not need to stress about their mortgage payments, while waiting to get back to work. Another member of

Rogue is a commercial fisherman. He was at the height of the crabbing season when restaurants closed. Rogue's mortgage relief effort eased his worry about his house payments. Since then, he has invited people to the docks for free crab so he could give back to his community as well.

- Consolidated Community CU in Portland closed a record number of mortgage loans -- 124 loans totaling over \$40 million. And in April, Consolidated closed 101 loans for just over \$30 million. Oregonians have been taking advantage of mortgage rates to refinance their home loans. The savings are tremendous; in March and April's loan closings, Consolidated Credit Union will have saved Oregonians over \$500,000.
- Oregon Community Credit Union in Eugene had processed 77 forbearance requests for \$23.7 million in balances. As noted earlier in this testimony, there are several challenges around the education process for forbearance and loan modification issues with residential mortgages.
- Finally, at a time when many businesses are forced to lay off employees, OnPoint Community Credit Union has **added** 30 employees since March to help provide exceptional service to members. This crisis has had a significant impact on OnPoint's nearly 400,000 members in Oregon and Southwest Washington, and they have implemented a number of programs and actions to provide additional support for our membership through this challenging time. Thus far, 880 members are taking OnPoint up on the offer for mortgage forbearance, meaning up to \$1.26 million is kept by members when they may need those funds for other emergency needs.

Oregon Credit Unions and Housing Issues

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 credit union "People Helping People" philosophy is alive every day, and during uncertain times credit union members feel their credit union's arms around their shoulders even more.

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