



CREDIT UNIONS – USA PERSPECTIVE

ACE CREDIT UNION SERVICE CONFERENCE

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Nevada Fair Housing Center, Inc

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OUTLINE

- Regulatory Structure
- Role In New Economic Environment
- Imagine the Possibilities
- Questions & Answers



PROCUREMENT

- Board –Presidential Appointees
- Senate Confirmation Required
- Both Political Parties Represented
- Six Year Term
- Goal – Credit Union Oversight (facilitate availability of credit to those of modest means)



CREDIT GAPS & CREDIT UNIONS

- Signature Loans (unsecured)
- Individual Development Accounts
- Second Chance Checking Accounts
- Education (financial restructure, loans, savings)
- Community Partner





LEGISLATIVE PROPOSALS

Proposals Post Economic Meltdown

IMPACT OF ECONOMY ON CREDIT UNIONS

•H.R. 688 – limit credit union lending amount of business loans to 12.25% of credit union net worth

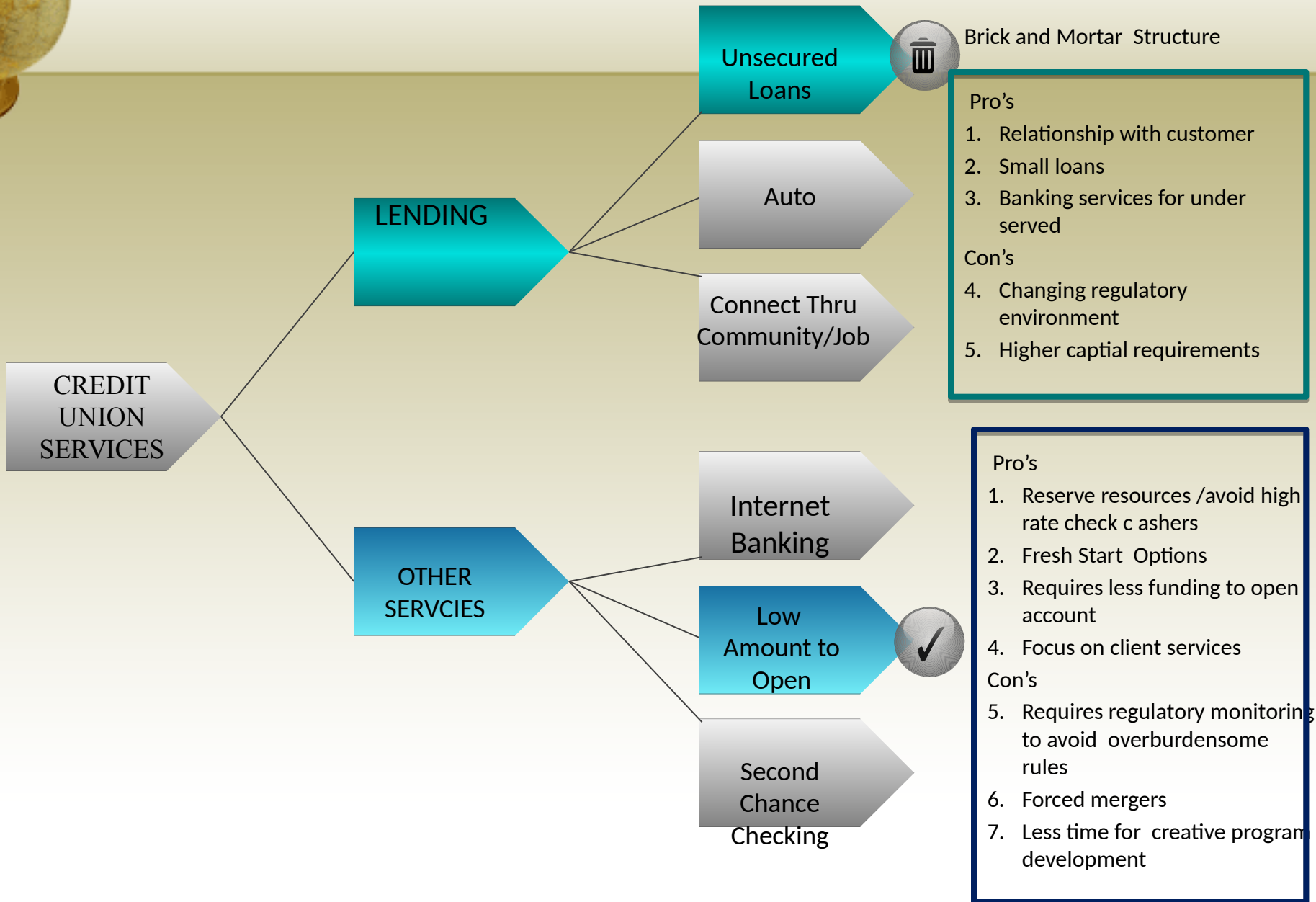
•H.R. 1538 - establish minimum standards for financial literacy

•H.R. 3584 –treat credit unions as insured depository institutions for purpose of FHLB system membership

General Comparison of Ability-to-Repay Requirements with Qualified Mortgages¹

	ATR Standard	General QM Definition	Agency/GSE QM (Temporary)	Balloon-Payment QM	Small Creditor QM	Small Creditor Balloon-Payment QM (Temporary)
Loan feature limitations	No limitations	No negative amortization, interest-only, or balloon payments	No negative amortization, interest-only, or balloon payments	No negative amortization or interest-only payments	No negative amortization, interest-only, or balloon payments	No negative amortization or interest-only payments
Loan term limit	No limitations	30 years	30 years	No more than 30 years, no less than 5 years	30 years	No more than 30 years, no less than 5 years
Points & fees limit	No limitations	3%	3%	3%	3%	3%
Payment Underwriting	Greater of fully indexed or introductory rate	Max rate in first 5 years	As applicable, per GSE or agency requirements	Amortization schedule no more than 30 years	Max rate in first 5 years	Amortization schedule no more than 30 years
Mortgage-related obligations	Consider and verify	Included in underwriting monthly payment ² and DTI ³	As applicable, per GSE or agency requirements	Included in underwriting monthly payment ² and DTI ³	Included in underwriting monthly payment ² and DTI ³	Included in underwriting monthly payment ² and DTI ³
Income or assets	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
Employment status	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	No specific requirement	No specific requirement	No specific requirement
Simultaneous loans	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	Included in underwriting DTI	Included in underwriting DTI	Included in underwriting DTI
Debt, alimony, child support	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
DTI or Residual Income	Consider and verify	DTI ≤ 43 percent	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
Credit History	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	No specific requirement	No specific requirement	No specific requirement

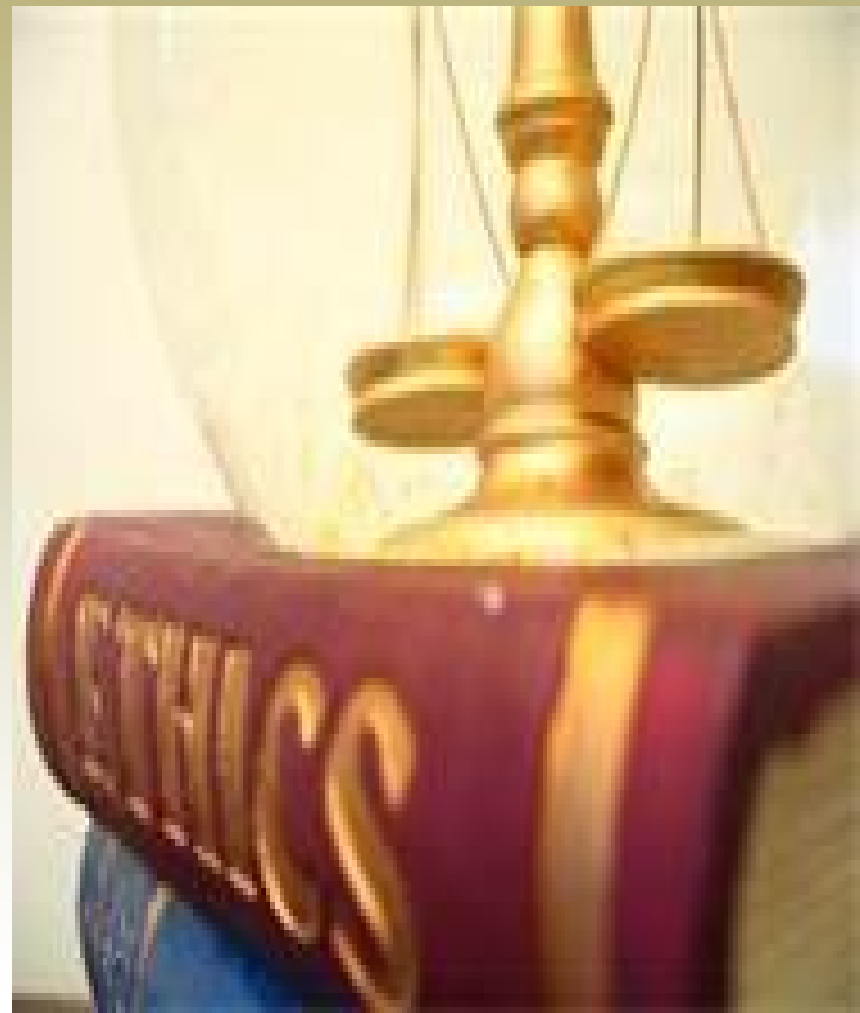
SERVICE MODELS





SUMMARY

- Lending
- Fresh Start Programs
- Education (financial literacy)
- Response /Competitive
Open to High Rate Service
- Technology to Reach the Unbanked





CREDIT UNION SERVICES

Opportunities



PROS

- Cost Reduction of Credit
- Increased Access
- Community Relationship
- Buffer (maybe)
- Opportunities Unlimited



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SUMMARY

- Fill Credit Gaps
- Education – Increased Focus
- Diversify Consumer Base
- Model More Appealing In Economic Environment



QUESTIONS

OPEN DISCUSSION



QUESTIONS

- What Are The Barriers?
- Funding Opportunities
- Viable Partners?
- Community Help Needed? (yes – they have a role)
- What About the CDFIs