



# Credit Union Partnerships With NeighborWorks® Organizations: Proven Models for Success

Neighborhood Reinvestment Corporation  
NeighborWorks® Campaign for Home Ownership 2002  
National Credit Union Administration



## **Neighborhood Reinvestment Corporation, the NeighborWorks® Network and the NeighborWorks® Campaign for Home Ownership**

Congress established the Neighborhood Reinvestment Corporation in 1978 (Public Law 95-557) to increase the capacity of local community-based organizations to revitalize their communities, particularly by expanding and improving housing opportunities. The local organizations, known as NeighborWorks® organizations, are independent, resident-led, not-for-profit partnerships that include business leaders and government officials. Together, they make up the NeighborWorks® network.

The NeighborWorks® Campaign for Home Ownership is the largest national initiative of its kind: a joint effort by private industry and government working with community-based NeighborWorks® organizations to bring more families into home ownership. NeighborWorks® organizations participating in the campaign use the NeighborWorks® Full-Cycle Lending<sup>SM</sup> system. Under this system, prepurchase education, innovative loan products and early-intervention delinquency counseling are combined into a system that helps create successful homebuyers who take charge of their neighborhoods as well as their homes.

### **National Credit Union Administration**

Created by Congress in 1970 to charter and regulate federal credit unions and to administer the National Credit Union Share Insurance Fund, the National Credit Union Administration's mission is to foster the safety and soundness of federally insured credit unions and to enable the extension of credit for productive and provident purposes to all Americans, particularly those of modest means. The National Credit Union Administration supports partnerships between credit unions and community organizations through its "Access Across America" initiative.

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# Executive Summary

Credit unions and NeighborWorks® organizations are natural partners. Both are not-for-profit, are governed by volunteer boards of directors and offer financial products and services to defined populations. Credit unions and NeighborWorks® organizations have already begun to develop strategic alliances to serve the underserved. Among the exciting examples of collaboration are:

- ▶ Ithaca Neighborhood Housing Services (NHS) and Alternatives Federal Credit Union (FCU), both in Ithaca, New York, have a long-standing relationship which has included partnering in developing loan products for first-time homebuyers, assisting low-income households through an Individual Development Account (IDA) program and developing a homebuyer education program.

Presently, Ithaca NHS is in the process of collaborating with Alternatives FCU to create an enhanced financial literacy program. Both organizations share a core mission — to increase opportunities for low-income households to improve their financial stability and gain access to conventional credit markets.

- ▶ Fairbanks (Alaska) Neighborhood Housing Services (NHS) provides second-mortgage loans for down-payment assistance to credit union members whose incomes are at or below 80 percent of the area median, in tandem with first mortgages available from the Northern Schools Federal Credit Union.

In 2001 the Northern Schools board of directors passed a resolution authorizing the formation of a community partnership with Fairbanks NHS to accomplish the mutual goals of both organizations.

- ▶ The Housing Partnership for Morris County and the Dover New Jersey Spanish-American Federal Credit Union have been partners for almost 10 years in a joint effort to educate the Latino population about affordable housing opportunities.

In May 2002, NCUA notified federal credit unions of the community development efforts of the Neighborhood Reinvestment Corporation, the NeighborWorks® network and Neighborhood Housing Services of America (letter 02-FCU-07). Credit

unions were encouraged to consider partnering with these community organizations when appropriate to their business plans.

National Credit Union Administration Chairman Dennis Dollar has voiced his support for credit union partnerships with community-based organizations as a part of the agency's Access Across America initiative. "I am convinced that many credit unions could reach out and even more dramatically impact their communities than they already do now by working more closely with community-based, not-for-profit organizations wherever appropriate," said Dollar. "Each credit union must evaluate this opportunity from the perspective of its own business model and financial considerations, but the synergy which could result from such cooperation has many potential benefits for both the credit unions and the neighborhoods affected. This synergy, we hope, will be one of the byproducts of our Access Across America initiative."

The case studies documented in this paper are a testament to the fact that credit union partnerships with NeighborWorks® organizations are a proven model for building healthy communities. Communities benefit from access to affordable financial products and services; moreover, credit unions and NeighborWorks® organizations benefit from leveraging the human, physical, structural and financial assets that each has to offer.

# Introduction

Attempts to revitalize older, distressed urban neighborhoods and rural communities are on-going. So, too, are the various approaches that are explored in an effort to stabilize these areas. A common denominator in these initiatives has been the formation of locally-based and controlled partnerships.

In researching partnerships between credit unions and NeighborWorks® organizations, the similarities between each organizational structure are clear: both are not-for-profit organizations with volunteer boards of directors and provide financial products and services to defined populations. The relationship is also institutionalized by statute, which requires the NCUA to be represented on the Neighborhood Reinvestment Corporation board.

Despite their commonalities, the number of existing partnerships and the extent of these relationships suggest that both types of organizations are still on a learning curve in understanding the possibilities of forming strategic alliances with the goal of serving the underserved.

The National Credit Union Administration (NCUA) is the chief regulator of the credit union industry. NCUA's Access Across America initiative, implemented by NCUA Chairman Dennis Dollar, encourages credit union partnerships with community organizations and programs.

Some exciting examples of partnerships are presented later in this document. The presence of credit union executives on NeighborWorks® organization boards or committees, and vice versa, is the most typical partnering arrangement. This occurrence is notable because it signifies an interest in and a greater understanding of each other's organizations. The relationships provide a springboard for generating deeper, more extensive business relationships.

NCUA Board Member Deborah Matz, who represents the National Credit Union Administration on the board of Neighborhood Reinvestment and has visited several NeighborWorks® projects, observed, "I have seen firsthand the progress that can be made through credit union/NeighborWorks® partnerships. There is enormous potential for credit unions— large and small,

state and federal, urban and rural— to work with NeighborWorks® organizations for the benefit of credit union members and their communities. This is a win-win opportunity that costs relatively little and pays huge dividends in terms of member service."

In an effort to accelerate the development of such business relationships, it is important to gain an understanding of the system within which each type of organization operates. With that knowledge in place, the vast resources that exist to foster the formation and encourage the ongoing partnerships between credit unions and NeighborWorks® organizations can be appreciated.

# The NeighborWorks® System

The NeighborWorks® system includes the Neighborhood Reinvestment Corporation, the nationwide network of NeighborWorks® organizations and Neighborhood Housing Services of America.

## Neighborhood Reinvestment Corporation

Congress established the Neighborhood Reinvestment Corporation (“the Corporation”) as a public, not-for-profit corporation under Title VI of the Housing and Community Development Amendments of 1978 (Public Law 95-557).

Initially, the Corporation’s principal activity was to “revitalize older urban neighborhoods by mobilizing public, private and community resources at the neighborhood level.” Over time, the Neighborhood Reinvestment Corporation has broadened its mission to include rural communities.

For many years the means by which the Neighborhood Reinvestment Corporation approached neighborhood revitalization was through the creation of Neighborhood Housing Services organizations in neighborhoods and communities throughout the United States. Today, the Corporation predominantly searches out and affiliates with pre-existing organizations. Both the original Neighborhood Housing Services organization and affiliated organizations comprise the NeighborWorks® network.

The Neighborhood Reinvestment Corporation provides NeighborWorks® organizations with a variety of resources including grants (expendable and capital), training (local and national Training Institutes), developmental assistance and technical services provided by management consultants located in district offices throughout the country (see Appendix C). The Corporation receives its funding primarily through an annual congressional appropriation.

The Neighborhood Reinvestment Corporation’s board of directors is comprised of top officials from the Office of Thrift Supervision, U.S. Department of Housing and Urban Development, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the

Comptroller of the Currency and the National Credit Union Administration.

The Corporation facilitates NeighborWorks® organizations working together through national initiatives and strategies (the Campaign for Home Ownership, National Insurance Task Force, Rural Initiative, Multi-Family Initiative and Resident Leadership Initiative) designed to improve communities by:

- ▶ Increasing home ownership;
- ▶ Improving existing housing stock;
- ▶ Creating decent and affordable rental housing;
- ▶ Helping struggling rural communities
- ▶ Working with insurance companies to make communities safer;
- ▶ Strengthening grassroots leadership in communities; and
- ▶ Sponsoring a National NeighborWorks® Week for residents and other volunteers to beautify communities and repair homes.

## The NeighborWorks® Network

The NeighborWorks® network is a national network of approximately 225 community-based organizations located in more than 2,300 communities in 48 states, Puerto Rico and the District of Columbia that helps low- and moderate-income families rent, purchase and maintain safe, affordable homes.

More than 5.5 million people live in communities with active NeighborWorks® organizations. These communities contain approximately 1.9 percent of all housing units in the United States. About 11,700 residents live in an average NeighborWorks® neighborhood. Racial and ethnic minorities make up more than half of the total population in the majority of the neighborhoods.

According to U.S. Census data on median family incomes by metropolitan areas, 67 percent of all neighborhoods served by NeighborWorks® organizations are in the very low- or low-income categories.

In another 26 percent of the neighborhoods, the median family incomes are in the moderate-income category. Housing values in neighborhoods served by NeighborWorks® members also tend to be lower than the average in neighborhoods throughout the country. At the heart of each NeighborWorks® organization is a partnership of residents, business leaders and local government officials who make a commitment to provide vital resources: the capital improvements necessary to revitalize the target neighborhoods and financing for the preservation or construction of affordable housing.

Because each NeighborWorks® organization meets the unique needs of its target market, programmatic activities vary greatly. To achieve its mission of neighborhood or community revitalization and the preservation and production of affordable housing, a NeighborWorks® organization may undertake a variety of activities, including:

- ▶ A revolving loan fund for affordable home loans and the rehabilitation of existing housing;
- ▶ A home-ownership program to increase the number of owner occupants;
- ▶ Referrals to participating lending institutions;
- ▶ Prepurchase and postpurchase home ownership counseling;
- ▶ A purchase/rehabilitation/resale program;
- ▶ New construction of single-family homes;
- ▶ A mutual housing program;
- ▶ Multifamily development that ensures permanently affordable housing;
- ▶ Resident leadership development; and
- ▶ Commercial and economic development.

In addition, many NeighborWorks® organizations are involved in community building activities such as neighborhood leadership development, security and safety counseling, youth employment programs and neighborhood beautification, landscaping and clean-up.

For more than 20 years the NeighborWorks® network

has been a driving force in creating comprehensive strategies to revitalize previously declining neighborhoods into “neighborhoods of choice” for the benefit of existing residents.

Specific accomplishments for the NeighborWorks® network during fiscal year 2002 include:

- ▶ 35,431 affordable housing units were built, purchased, rehabbed, repaired or sold to a homeowner.
- ▶ Total direct reinvestment in NeighborWorks® neighborhoods amounted to \$1.659 billion.
- ▶ \$94.9 million in low-interest home repair loans and equity investments were made from NeighborWorks® revolving loan funds to thousands of poor or “unbankable” residents. According to the latest (2000) NeighborWorks® survey of revolving loan clients, 71 percent of the loans were made to very low- or low-income families. Of all loans, 45 percent were given to individual female borrowers and 17 percent were to borrowers over 55 years old.
- ▶ 13,071 families became new homeowners, and another 2,334 units of multifamily housing were constructed or rehabbed.
- ▶ NeighborWorks® organizations owned and/or managed 34,179 units, including 7,962 mutual housing units.
- ▶ More than 72,417 families were assisted with pre- or post-purchase home counseling. In calendar year 2001, 13,038 code inspections were conducted, 3,916 units were weatherized and an additional 3,794 energy audits performed and 1,690 structures were painted. In addition, 25,167 households were provided with home safety and security counseling.

## **Neighborhood Housing Services of America**

Created in 1974, Neighborhood Housing Services of America (NHSA) has played a pivotal role in providing financial liquidity to NeighborWorks® organizations by establishing a secondary market for loans that cannot be sold on national and conventional secondary mortgage markets. By purchasing these loans and selling notes backed by them to institutional investors, NHSA provides local NeighborWorks® organizations

with liquidity for revolving loan funds that enables them to leverage their resources and make additional loans.

The funds to purchase loans are raised by making private placements of NHTSA notes at below-market rates with investors who are responsive to the home ownership and neighborhood revitalization goals of the NeighborWorks® network. The notes are called “social investments,” and are backed by the income stream on the loans plus credit enhancements. The investors include insurance companies, savings and loan associations, commercial banks, pension funds and foundations.

In addition to notes, NHTSA’s affiliated limited liability corporation has also raised capital through the issuance of a \$75 million, double-A rated, collateralized mortgage bond. The mortgage pool consisted of fixed-rate, conventionally insured mortgage loans secured by first liens on residential properties located throughout the United States, and the pool benefited from credit enhancements provided by NHTSA.

On June 19, 2002, NHTSA announced a five-year, \$750 million investment initiative to assist more than 12,000 households in achieving or maintaining home ownership. One goal of the initiative is to support the President’s Initiative on Minority Homeownership. The first \$100 million of the \$750 million is being subscribed by investors at an annual cost-of-funds to NHTSA of 5 percent, which is presently close to 175 basis points below the conforming mortgage market rate. NHTSA is seeking additional investors for the initiative.

In the initial \$100 million program, NHTSA will buy loans from both NeighborWorks® organizations and their local financial institution partners. Fannie Mae has agreed to swap the first mortgage, low-income loans for mortgage-backed securities under a negotiated program that accepts NHTSA’s low- to moderate-income mortgage loan criteria and the NeighborWorks® Full Cycle Lending<sup>SM</sup> practices developed by NHTSA and Neighborhood Reinvestment Corporation. The Full-Cycle Lending<sup>SM</sup> approach (see Appendix B), which is effectively responsive to the

special needs of underserved, low-income borrowers, is a comprehensive system for homebuyer development.

As the NeighborWorks® network has evolved, NHTSA has responded with new products and services. Currently NHTSA offers the following:

**Owner-Occupied Housing Rehabilitation Loans:** NHTSA purchases loans from the revolving loan funds of NeighborWorks® organizations. The primary purpose of these loans is home repairs to bring homes to at least minimum health and safety standards for borrowers who cannot qualify for conventional loans. NHTSA purchases these loans, usually second mortgages, with recourse.

**Owner-Occupied Home Purchase Mortgages With Recourse:** NHTSA works with NeighborWorks® organizations and local financial institutions to purchase first-mortgage loans originated under flexible underwriting guidelines established by NHTSA. This tool has been used to tackle the problem of severely deteriorated properties and to provide infill housing. For individual families, the result has been a financing system that makes the overall costs of buying a home affordable.

**Owner-Occupied Home Purchase Mortgages Without Recourse:** The program is available to all NeighborWorks® organizations through a partnership between the local NeighborWorks® organization, a local lender identified by the NeighborWorks® organization, NHTSA and an NHTSA investor. By participating in the program, a local lender receives loans that are sourced, packaged and underwritten by the local NeighborWorks® organization. The lender reviews and originates the loan in accordance with a contract with NHTSA to purchase the loan.

**Mortgages on Multifamily Properties Owned by Not-for-profits:** NHTSA provides permanent financing for multi-unit or rental housing owned and managed by not-for-profit organizations or mutual housing associations. First-mortgage loans are made to NeighborWorks® organizations for development of five to 50 units, with larger properties considered on a case-by-case basis.



**Interim Real Estate Development Financing:**

This program was developed because of the extreme difficulty faced by not-for-profit organizations in obtaining development financing for complex housing proposals. With lines of credit from Fannie Mae and the National Cooperative Development Bank Corporation, NHSA makes short-term loans to NeighborWorks® organizations to finance recoverable predevelopment costs, property acquisition and working capital gaps until final financing is in place.

Since its inception, NHSA has purchased or originated loans with a value of more than \$475 million. As the NeighborWorks® network has grown, NHSA has continued to meet the challenge. From fiscal years 1999 through 2001, NHSA's annual activity has averaged more than \$60 million.

The Neighborhood Reinvestment Corporation provides core operating support and capital grants to NHSA. These funds leverage social investments at an approximate rate of \$15 million in social investments to every \$1 million in capital grants.

# Credit Unions

Credit unions are not-for-profit financial cooperatives that are owned and controlled by the members who use their products and services. Members pool their funds to make loans among themselves. The members elect the volunteer board that runs each credit union.

To join a credit union, one must be eligible for membership. A credit union's charter defines its "field of membership." The Federal Credit Union Act provides for three types of federal credit union charters:

- ▶ **Single Common Bond:** Consists of one group that has a common bond of occupation or association. For example, "employees of ABC Corporation who work in the United States" or "members of the University of Wisconsin Alumni Association, located in Green Bay, Wisconsin."
- ▶ **Multiple Common Bond:** Consists of more than one group, each of which has a common bond of occupation or association. For example, a credit union may be formed by two unrelated employers or two unrelated associations or a combination of two or more employers or associations. Additionally, these groups must be within reasonable geographic proximity of the credit union.
- ▶ **Community:** Consists of persons or organizations within a well-defined local community, neighborhood or rural district. For example, "persons who live, worship, work or attend school in, and business and other entities located in Hartford County, Connecticut."

Low-income designated credit unions are a unique form of credit union. They serve primarily low-income members in distressed and financially underserved areas. The term "low-income members" is defined as those members who make less than 80 percent of the average for all wage earners as established by the Bureau of Labor Statistics, those members whose annual household income falls at or below 80 percent of the median household income for the nation as established by the Census Bureau or those members otherwise defined as low-income members as determined by order of the NCUA Board.

## Dual Chartering System

Credit unions, like other financial institutions, are closely regulated. A dual chartering system enables a credit union to have the choice of conducting business with either a federal or state charter.

Federally chartered credit unions are supervised and insured by the National Credit Union Administration. Each state is responsible for supervising and examining its state-chartered credit unions to monitor their safety and soundness. State-chartered credit unions may be privately insured or insured by NCUA, depending on state regulations.

## Corporate Credit Unions

Corporate credit unions are another form of credit union. While they do not serve individuals, they play a vital role in the system by acting as a credit union for credit unions. The corporate credit unions across the country provide investment, liquidity, wire transfer and item processing services for their member credit unions.

## Partnership Opportunities

In May 2002, NCUA sent a letter (02-FCU-07) to all federal credit unions informing them of the community development efforts of the Neighborhood Reinvestment Corporation, the NeighborWorks® network and Neighborhood Housing Services of America. In this letter, NCUA stated:

Credit unions may wish to pursue partnerships with the 225 network members through the following areas:

### For credit unions that have expanded into underserved areas:

- ▶ Partnering of credit unions and NeighborWorks® organizations to provide members:
- ▶ Wealth-building opportunities for down payments,
- ▶ Financial-literacy training,
- ▶ Loans for down payments and closing costs, and/or
- ▶ Mortgage and home-improvement loans.

**For low-income designated and small credit unions:**

- ▶ Obtaining training from the Neighborhood Reinvestment Corporation for managerial, operational and financial development; or
- ▶ Partnering of credit unions and NeighborWorks® organizations to:
  - ▶ Guide credit union members to these organizations for unconventional home-improvement and mortgage loans,
  - ▶ Guide individuals involved with the NeighborWorks® organizations to low-income credit unions for financial services, and/or
- ▶ Share operational and/or managerial support.

NCUA has not only taken steps to encourage credit unions to partner with NeighborWorks® organizations, but has also provided the means to do so. NCUA's description of "credit unions that have expanded into underserved areas" refers to a decision the NCUA Board made in 1995 that allows all federal credit unions to include in their fields of membership, without regard to location, communities satisfying the definition in the Federal Credit Union Act for serving underserved areas. The Federal Credit Union Act defines this type of area as a local community, neighborhood or rural district that is an "investment area" as defined in Section 103(16) of the Community Development Banking and Financial Institutions Act of 1994.

More than 90 percent of the families in the neighborhoods and communities targeted by NeighborWorks® organizations are low- and moderate-income. By enabling credit unions to branch into underserved areas, NCUA facilitates the formation of partnerships between the two organizations.

# Case Studies of Partnerships Between NeighborWorks® Organizations and Credit Unions

## Housing Development Corporation of the Clinch Valley and ORNL Federal Credit Union (Oak Ridge, Tennessee)

Housing Development Corporation of the Clinch Valley (HDC) was founded in 1992 and joined the NeighborWorks® network in 1997. Presently, HDC has six full-time staff members and the organization's total assets are approximately \$5.7 million.

In the fulfillment of its mission, HDC delivers products and services in both multifamily and single-family programs, as well as engaging in a variety of other activities. HDC's products and services include:

**Rental Program:** Targets social agencies and very low- and low-income individuals and families. Rental units consist of single-family dwellings and duplexes on scattered sites in the West End of Oak Ridge.

**Employer-Assisted Housing Program:** Through this program, an employer offers a lump-sum grant of up to \$500 for employees to purchase housing within their criteria. HDC will match this amount with a zero-interest, unsecured loan of an equal amount, with up to five years to repay.

**Second Mortgage Lending Program:** A down payment and closing cost assistance program that allows prospective homeowners up to 20 percent financing of the sale or appraised price of the property. Customers are required to provide 3 percent toward the purchase of a home.

**HUD Housing Counseling:** HDC is certified as a Financial, Homeownership and Foreclosure Intervention Office by the U.S. Department of Housing and Urban Development. HDC staff assists in financial counseling for all consumers. Classes in homebuyer education are taught in the office to prepare consumers for purchasing a home.

ORNL Federal Credit Union, chartered in 1948, has assets totaling approximately \$650 million and a membership base of more than 79,000. ORNL is a full-service credit union with products and services

that include checking and savings accounts, consumer loans, mortgage and construction loans, credit cards, ATMs, direct deposit, wire transfers, safe deposit boxes, U.S. savings bonds and investment and insurance services.

In its short history, HDC has had a substantial impact on the number and quality of low-income rental units in its target area, and ORNL has played an important role. On several occasions ORNL has provided financing to HDC for the purchase and reconstruction of rental properties. ORNL also holds the mortgage on a single-family home being rented out by HDC.

ORNL and HDC have also collaborated on a Federal Home Loan Bank grant, and HDC provides home ownership counseling to members of the ORNL Federal Credit Union who qualify under the program.

ORNL recently committed \$50,000 to HDC's second mortgage loan program. The credit union became the first credit union and the 11th financial institution to participate in the program. In doing so, an ORNL representative stated, "The credit union is proud to be making this investment in the community and joining the revolving loan fund. This program helps so many people, and we think it will provide good opportunities for our members. It is a win-win for everyone involved."

HDC's executive director added, "We are delighted to have the credit union involved in this program. Together, we think HDC and ORNL Federal Credit Union will help a lot of people purchase a home."

## Fairbanks Neighborhood Housing Services and Northern Schools Federal Credit Union (Fairbanks, Alaska)

Northern Schools Federal Credit Union (FCU) was founded in Fairbanks, Alaska, in 1960 by a group of educators for the benefit of all community members associated with education, including students and their families. Recently Northern Schools FCU expanded its field of membership, making it possible

for any person who lives, works or worships within the Fairbanks North Star Borough to join the credit union. In addition, employees (and their family members) of Fairbanks Neighborhood Housing Services have been accepted into the Northern Schools FCU field of membership as a select employee group.

Northern Schools FCU has assets totaling approximately \$63.3 million and a membership base of more than 11,000. Northern Schools FCU is a full-service credit union with products and services that include checking and savings accounts, consumer loans, mortgage and construction loans, credit cards, ATMs, direct deposit and wire transfers.

Fairbanks Neighborhood Housing Services (NHS) received official not-for-profit status in April 1993 and was chartered by Neighborhood Reinvestment in the same year. Currently, Fairbanks NHS staff includes six full-time staff members. Total assets of the organization are approximately \$5 million. Fairbanks NHS is a certified community development financial institution and was awarded \$1,235,500 from the Community Development Financial Institution (CDFI) Fund in fiscal year 2000.

Fairbanks NHS's broad array of programs and services designed to promote home ownership include:

**First Mortgage Loan Program:** For purchase, purchase/rehabilitation or refinancing with rehabilitation, and first mortgage financing of two- to four-unit properties for lower-income families.

**Second Mortgage Loan Program:** Provides down payment and closing cost assistance to lower-income borrowers to address issues of affordability.

**Homebuyer Counseling:** Educates families on the process of purchasing a home and the requirements of responsible home ownership.

**Rental Program:** Ownership of a 24-unit apartment complex targeted to families living at 50 to 60 percent of the area median income, as well as two fourplexes rented to low-income tenants and tenants with developmental and physical disabilities.

Fairbanks NHS and Northern Schools FCU have been partnering for some time. In tandem with Northern School FCU first mortgages, Fairbanks NHS provides down-payment assistance in the form of second mortgages to credit union members who live at 80 percent or below the area median income.

In another example of collaboration, Northern Schools FCU sponsored Fairbanks NHS in the HomeStart program of the Federal Home Loan Bank of Seattle. The process begins with each family in the program starting a modest savings account during the construction period. At the end of construction, every dollar the family has saved is matched three-to-one by the HomeStart program, and the total amount is used to reduce closing costs and the mortgage principal.

In June 2001, Fairbanks NHS met with representatives of Northern Schools FCU to better familiarize the credit union with its products and services and to highlight existing partnerships between credit unions and NeighborWorks® organizations as a prelude to discussing opportunities for further partnering.

On July 31, 2001, the Northern Schools FCU board of directors passed a resolution authorizing the formation of a community partnership with Fairbanks NHS to "accomplish the mutual goals of both organizations." In taking this step, Fairbanks NHS Executive Director Renee Patten commented, "Strengthening the partnership between Northern Schools FCU and the NHS makes a lot of sense. A joint strategy means that each organization can not only provide sustainable levels of service to its new community areas [the credit union and the NHS had both recently expanded their service areas], but that members seeking affordable housing products in urban and rural markets can rely on the credit union and its partner, the NHS, for assistance."

Since then, Northern Schools FCU Vice President of Lending Barbara Langille has become a Fairbanks NHS board member and has expressed interest in:

- ▶ Providing construction financing to Fairbanks NHS on residential and community facilities projects;

- ▶ Assisting with participation loans, whereby Fairbanks NHS participates in the loan by funding a portion of that loan request; and
- ▶ Investing in a second-mortgage program for credit union members. Fairbanks NHS would replenish program funds through sales to NHSA.

Langille summarized the credit union's growing collaboration with Fairbanks NHS: "Northern Schools FCU is certainly pleased in its partnership with Fairbanks NHS. Working together, Fairbanks NHS and Northern Schools FCU have an excellent opportunity to create additional resources that provide assistance to not only potential homeowners but to the community itself."

### **Pocatello Neighborhood Housing Services and Local Area Credit Unions (Pocatello, Idaho)**

The genesis of Pocatello Neighborhood Housing Services occurred when a local banker convinced the mayor that an NHS organization was needed to deal with the declining neighborhoods of central Pocatello. Together, they raised \$50,000 to cover the cost of NHS development. A workshop to forge the partnership was held in November 1992. In May 1993, Pocatello NHS was incorporated by the State of Idaho.

Currently, the Pocatello NHS staff includes 10 full-time employees and the organization's total assets are approximately \$3.4 million. Pocatello NHS is a certified community development financial institution.

Pocatello NHS revitalizes targeted areas by promoting affordable housing and community pride through the establishment of healthy neighborhoods by offering the following products and services:

- ▶ Home-purchase loans and assistance;
- ▶ Homebuyer-education classes;
- ▶ Debt counseling;
- ▶ Housing rehab loans and assessments;
- ▶ Home-maintenance workshops;
- ▶ Emergency repairs;

- ▶ Construction management; and
- ▶ Development of neighborhood associations.

Pocatello NHS officially began offering its loan programs in February 1994. Loan capital totaled approximately \$250,000 at the time, and came from sources such as the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG), Neighborhood Reinvestment and the Pocatello Housing Authority. Client demand for these funds was extremely high from the beginning because the NHS provided the first affordable rehabilitation funding available to low- and moderate-income households in more than a decade.

In April 1994, realizing that the start-up loan capital was not going to satisfy demand, Pocatello NHS's executive director initiated a letter-writing campaign to local financial institutions requesting that they consider joining the NHS Loan Participation Program (LPP).

Idaho State University Federal Credit Union (FCU) President Lonnie Nelson liked the idea "because it was a way for our credit union to get involved in the community." He contacted credit unions in Billings, Montana that had set up similar and successful programs in that state to find out what lessons those credit unions had learned, how they had structured their program, what was involved and what, if any, restrictions on federal credit unions they had encountered. He also contacted NCUA to inquire about regulations.

In June 1994, Pocatello NHS acknowledged Nelson's commitment to the LPP and his assistance in soliciting funding commitments from four other credit unions. Under the LPP agreement, each credit union agreed to provide \$20,000 to fund eligible loans originated through Pocatello NHS when applicants were members in good standing at one of the participating credit unions.

According to the LPP guidelines, eligible loans consist of "purchase loans for up to 15 percent down payment assistance, closing costs and repairs in tandem with conventional or government loans or grants; home repair, rehabilitation or improvements; and any financing necessary to stabilize a property's physical

condition. With Pocatello NHS purchase loans, borrowers are generally required to have a 5 percent down payment from their own funds, although if the first mortgage lender accepts a smaller down payment (such as 3 percent), Pocatello NHS may do so. Pocatello NHS may also originate first mortgages for the acquisition and rehabilitation of substandard properties.”

In the LPP process, the NHS closes and disburses the loan proceeds from its own funds. It subsequently sends out funding requests for any loans funded in a particular month to each financial institution in the loan pool based on their pro rata share of the total pool. In the case of a loan to a member of one of the participating credit unions, the NHS promptly issues a participation certificate to each credit union evidencing a fractional, undivided ownership interest in each loan funded upon receipt of its pro rata share of the total loan proceeds.

According to Nelson, “Currently, Idaho State University Federal Credit Union is participating in 70 loans, most of them to help with closing costs on home purchases with several for home improvements. The total participation portfolio is just under \$20,000. The numbers for the credit unions that are still active in the program [four] would be similar to ours. For the last year or so, we haven’t made any participation loans for closing costs because of a ruling by FHA that prevents us from assisting with 100 percent financing. Since this ruling, our resources have been almost entirely towards home improvements. Obviously this has cut down dramatically the number of loans we can participate in.” Overall, Nelson says of his credit union’s participation in the pool, “If you’re looking to get more involved in the community, this is a perfect vehicle.”

Pocatello NHS Executive Director Richard Stallings summarized his relationship with the credit unions by saying, “In Pocatello, our credit union partnership has added a whole new dimension to our lending programs. By taking advantage of this new market niche, we have been able to assist dozens of families that otherwise would have fallen through the cracks.”

## **Ithaca Neighborhood Housing Services and Alternatives Federal Credit Union (Ithaca, New York)**

Ithaca Neighborhood Housing Services was founded in 1976 in response to the continued decline of Ithaca’s downtown neighborhoods. In 1975, before Ithaca NHS was formed, 87 percent of the housing in its target area was substandard. Today, that portion has been reduced to 24 percent.

Currently, the Ithaca NHS has 16 full-time staff members and the organization’s total assets are approximately \$9.7 million.

Ithaca NHS offers the following housing revitalization programs:

- ▶ Rehabilitation loans and technical assistance;
- ▶ Financing for first-time homebuyers;
- ▶ Multifamily housing development;
- ▶ Acquisition/rehab/resale;
- ▶ Small repairs for elderly and handicapped persons;
- ▶ Rental rehabilitation and property management; and
- ▶ Homebuyer education.

Alternatives Federal Credit Union (FCU) is a certified community development financial institution dedicated to building wealth and creating economic opportunity for underserved people and communities. Alternatives FCU has assets of more than \$41 million and a membership base of more than 6,000. It is a full-service credit union with products and services, such as checking and savings accounts, consumer loans, mortgage and small business loans, credit cards and ATMs.

Ithaca NHS and Alternatives FCU have a long-standing relationship that has included partnering in developing loan products for first time homebuyers, assistance to low-income households through an IDA program and developing a homebuyer education program.

Paul Mazzarella, executive director of Ithaca NHS, has served on the Alternatives FCU board of directors for five years and is currently its treasurer. Alternatives FCU has been a steady financial contributor to Ithaca NHS, and its staff played a significant role in the development of the Ithaca NHS First Time

Homebuyer Program. Through this program, Alternatives FCU is providing affordable first mortgages in tandem with Ithaca NHS that provides members of Alternatives FCU with down payment and closing cost assistance for second mortgages.

Ithaca NHS is collaborating with Alternatives to develop an enhanced financial literacy program. Both organizations share a core mission of increasing opportunities for low-income households to improve their financial stability and gain access to the conventional credit markets.

This collaboration is designed to create stronger links between the educational programs currently operated by each organization, add new classes in order to create a more comprehensive financial literacy curriculum, expand the regional reach of these programs and significantly increase the number of people who participate in these classes. Through this combination of classes, individual counseling and targeted services, participants will be able to improve their financial literacy and advance their financial goals.

Alternatives FCU has been providing basic financial literacy education since 1986. A formal course was started in 1998 in conjunction with the development of its IDA program. It provides low-income households with the basic financial skills that they need to enter what Alternatives FCU terms the “credit path,” a series of steps in which people learn about and access services that can help them build assets.

Graduates of the basic financial literacy program are able to take advantage of additional courses designed to enable them to move along the credit path and achieve more sophisticated financial goals. The additional offerings include:

**Ithaca NHS Homebuyer Education Program**, a comprehensive overview of how the homebuyer process works and what people need to do to position themselves to become successful homebuyers.

**Alternatives FCU Community Enterprise Opportunity (CEO) Program**, which provides business training for microenterprise formation.

**Ithaca NHS Advanced Financial Literacy Training**, designed to help new homeowners reach more advanced goals such as saving for retirement, qualifying for property tax abatements or borrowing responsibly against the equity in their homes.

**Ithaca NHS Home Maintenance Training**, which provides homeowners with information about preventive maintenance, increasing energy efficiency and negotiating with home repair contractors.

Summarizing the relationship between the two organizations, Paul Mazarella noted, “Ithaca NHS and Alternatives FCU have built a strong partnership that involves collaboration in several areas. While Ithaca NHS works with many financial institutions, the relationship with Alternatives is unique because both organizations share a common mission of providing assistance to low-income people. This has made it easier to develop services and loan products that meet the needs of our community.”

Alternatives Chief Executive Officer Bill Meyers was equally complimentary when discussing a relationship that has “matured into a partnership for development, where there is considerable sharing in information, expertise and most recently, program collaboration. It’s a rare pleasure to work with professionals who understand our shared vision of capital-led, community-based economic development. It is indeed good to have another competent capital-led development organization in our community.”

### **Neighborhood Housing Services of Richland County and Westby Co-Op Credit Union (Westby, Wisconsin)**

Neighborhood Housing Services of Richland County, Wisconsin, was incorporated in 1983 and provides services for the entire county. Primary services of NHS of Richland County include owner-occupied rehabilitation lending, rental rehabilitation lending and home ownership lending for down payments and closing costs. In addition, it provides self-help housing and property management of the historic Park Hotel Senior Citizen Apartments. Currently the



NHS has six full-time employees and total assets of approximately \$3.5 million.

Westby Co-Op Credit Union is a state-chartered, federally insured credit union with assets totaling more than \$119 million and a membership base of more than 11,000. Westby Co-Op is a full-service credit union offering products and services that include checking and savings accounts, consumer loans, mortgage and construction loans, credit cards and ATMs.

NHS of Richland County has had a long and productive relationship with Westby Co-Op Credit Union. The credit union has seen very significant growth in its membership base since the NHS began operations in 1983, specializing in car loans and home mortgages.

The credit union and NHS partner in a number of ways, including:

- ▶ The NHS of Richland County provides home ownership counseling and down payment assistance for low-income members of the credit union.
- ▶ Westby Co-Op Credit Union provides the NHS with some of the best cross-marketing in the area by displaying NHS posters, alerting their members to NHS events and selling NHS fundraising tickets.
- ▶ The credit union is a key presenter in the NHS's very popular and well-attended Community Home-buyer seminars.
- ▶ The credit union takes the lead in assisting the NHS with low- and very low-income families in need of rebuilding and increasing their access to credit. It also provides technical assistance on affordability issues specific to the local market and makes personal banker referrals to the range of affordable-housing programs administered by the NHS.
- ▶ A credit union branch manager serves as the secretary of the NHS fundraising committee and has been active with NHS events. Other credit union staff members have served on the NHS board, playing key leadership roles in its growth.

The Richland Center branch of the Westby Co-Op Credit Union and NHS of Richland County have explored the possibility of partnering in the development of a rural home ownership center in Richland

County that would serve low- and moderate-income households, as well as middle-income families, with comprehensive, affordable housing services including counseling, education, down payment assistance and foreclosure prevention and intervention planning. The center would serve as a demonstration pilot project, to be documented for potential replication or adaptation elsewhere in the NeighborWorks® network or credit union industry through a professionally produced brochure and video featuring Westby Co-Op Credit Union, the National Credit Union Foundation and the Wisconsin Credit Union League.

Presently, both the National Credit Union Foundation and the Wisconsin Credit Union League are being considered as possible sources of start-up operating support to broaden and strengthen the NHS of Richland County and Westby Co-Op Credit Union cooperative community development activities.

In summing up their long-standing business relationship with Westby Co-Op Credit Union, NHS of Richland County Executive Director Terry Testolin has said, "Westby Co-Op Credit Union is a strong affordable housing and community lender and has played a key role in the development of NHS of Richland County over the years."

Westby Co-Op Credit Union Branch Manager Kevin Hauser offered the following comment regarding the NHS of Richland County and its relationship with the credit union over the years: "NHS has truly changed the residential landscape of Richland County through self-help housing, home rehabilitation and down payment assistance. It has been a pleasure working with Terry and his staff and we will continue to look for additional ways to serve our community."

### **New Kensington CDC and New Horizons Community Federal Credit Union (Philadelphia, Pennsylvania)**

New Horizons Community Federal Credit Union (FCU) is a community-based credit union with a low-income designation that recognizes the economic status of the Kensington and Fishtown neighborhoods of Philadelphia, Pennsylvania.

New Horizons Community FCU currently has more than 700 member accounts and total assets of more than \$900,000. Its mission is to “provide affordable services to improve economic conditions in our community by encouraging savings, promoting our philosophy of people helping people.”

New Horizons Community FCU offers its members savings, checking, escrow, holiday and vacation club accounts. Its loan products include personal unsecured, secured, revolving, auto and home equity loans. Their services also include free direct deposit and credit counseling, in addition to low-cost money orders and bill payment.

New Horizons Community FCU was founded through the leadership of the New Kensington Neighborhood Advisory Committee (NAC). The NAC recognized the need for saving and borrowing opportunities for low- and moderate-income residents, and the credit union was a vehicle to stimulate efforts in community revitalization and development by making favorable financing available.

The committee also founded the New Kensington Community Development Corporation (CDC) to provide housing and real estate services that the NAC, by contract, was unable to do. Currently the CDC staff includes 15 full-time staff and its total assets are approximately \$2 million.

New Kensington CDC revitalizes the New Kensington/Fishtown community through:

**Open space management:** Stabilizing large vacant lots, conveying side yards to adjacent homeowners, creating community gardens, etc.

**Economic development:** Furthering business development, organizing a business association and implementing a project to improve the commercial corridor.

**Real estate development:** Renovating and selling single-family homes and developing commercial space.

**Counseling:** Providing homebuyer and foreclosure counseling, as well as helping families prevent utility emergencies, lower their energy costs and manage household expenses.

Since its inception, New Horizons Community FCU has benefited from many collaborative organizational relationships that have permitted the credit union to improve educational and development services while reducing associated costs. Examples that involve New Kensington CDC include:

- ▶ New Kensington CDC sponsored the credit union for 13 years, providing free office space and use of office machines and receptionist services until 1996, when the credit union, recognizing the need to develop its own identity and presence in the neighborhood, moved into its own facility.
- ▶ New Horizons Community FCU participates in the Family Savings Account (FSA) program (identical to an IDA), through a partnership with the Women’s Opportunities Resource Center in Philadelphia, to bring the FSA program to its membership with counseling support through New Kensington CDC.
- ▶ New Horizons Community FCU found a special need for credit counseling after receiving and reviewing loan applications and credit reports. Responding to this need often involves referring the member to the CDC for energy, housing and budget counseling services.

In addition, the manager/treasurer of New Horizons Community FCU has been on the board of directors of the New Kensington CDC since 1994, first serving as secretary and now as treasurer. Likewise, the New Kensington CDC’s executive director serves as the secretary on New Horizon’s board.

“I have enjoyed the open relationship between the New Kensington CDC and our community credit union,” said Credit Union Manager Lynette Smart. “It is very beneficial to my members to be able to recommend a place where they can get additional services and counseling that we cannot provide due to limited time and staff. In return, we are able to provide a place where their clients can open escrow accounts to save for a home, get a small loan for credit development or receive help with credit issues.” According to New Kensington CDC Administrator Sandy Salzman, “The partnership between New Kensington CDC and the credit union is important because it allows residents and potential homebuyers access to the

American Dream. Residents are learning how to save for a down payment for a home or their children's education. The credit union also gives low-income residents affordable access to banking services."

### **Housing Partnership of Morris County and Dover N. J. Spanish-American Federal Credit Union (Dover, New Jersey)**

The Housing Partnership for Morris County (HPMC) was established in 1992 following a study sponsored by the Housing Task Force of Morris 2000, a not-for-profit organization that addresses an array of issues related to improving the quality of life in Morris County, New Jersey. HPMC provides affordable housing and technical assistance in various forms to residents of all of the 39 municipalities that make up Morris County.

HPMC also offers a myriad of activities related to homeownership promotion, as well as reference guides for rental housing, senior housing and Mount Laurel housing. HPMC responds to more than 4,000 housing inquiries a year and provides seminars and classes on homeownership for more than 1,000 households a year. HPMC has also developed IDAs, First Home Clubs and down payment assistance programs. Currently, HPMC staff consists of five full-time employees and one part-time employee.

The Dover, N. J. Spanish-American Federal Credit Union is a federally chartered credit union with assets of more than \$17.5 million and a membership base exceeding 6,000. It is a full-service credit union, with products and services that include checking and savings accounts, consumer loans, mortgage and construction loans, credit cards and ATMs.

The HPMC and the Spanish-American FCU have been collaborative partners for almost 10 years in a joint effort to educate the Latino population about their affordable housing opportunities. The partnership began when Javier Marin left a local bank to become the credit union's general manager. Marin is an active member of the local Hispanic community, serving on a number of community boards, such as the Dover Board of Education.

Because of Marin's prior experience with HPMC, the credit union, under his direction, has collaborated extensively with HPMC. The organizations have worked together on a number of issues, such as helping with referral, outreach, program directives, translation and other community initiatives.

As part of a neighborhood revitalization effort, Dover received funding from the New Jersey Department of Community Affairs for the Strategic Neighborhood Assistance Program (SNAP) program. Through its involvement in the SNAP initiative the credit union assisted HPMC in numerous ways, including helping to organize annual first-time homebuyer seminars (three in Spanish and four in English) in Dover.

In addition, HPMC developed and piloted Project SEED (Student Education for Economic Development) for all 150 seniors at Dover High School. The credit union was involved in presenting information to the students. Project SEED is a six-day budget and credit education program that was part of HPMC's work with the SNAP initiative.

The Spanish-American FCU has long assisted HPMC with its semi-annual homebuying seminars. The Spanish language seminars are coordinated in conjunction with the credit union and other Hispanic/Latino organizations that assist with outreach, translation and presentations. HPMC has since expanded its Spanish language programs to include five seminars a year, a full-time counselor, materials and complete service information.

The collaboration grew to include donation of space by the credit union to HPMC to use as a satellite office for one-on-one home ownership counseling and dissemination of home ownership materials in Spanish, prior to HPMC's move to Dover in 1999. "For many years the Spanish-American FCU has been a valuable partner in so many ways, from mailings to outreach to providing office space and presenting at seminars," Housing Partnership for Morris County Executive Director Susan Zellman stated. "That is why we nominated Javier Marin as an outstanding volunteer."

According to Marin, the credit union and the HPMC have created a natural collaboration system through which both organizations contribute to addressing the growing housing needs of the community. “While there are no losers, the winners here are the members of the community,” he added. Javier theorizes that without HPMC, it would have taken years before a serious effort was made by any public or private agency to respond to the housing needs of the underprivileged in Morris County.

### **Boston Community Development Credit Union Collaborative and Tremont Credit Union (Braintree, Massachusetts)**

The Boston Community Development Credit Union Collaborative (the Collaborative), a group of volunteer organizers hoping to launch a community development credit union (CDCU), began meeting in June 2000. The Collaborative includes members of previous organizing efforts, as well as members of Codman Square Neighborhood Development Corporation (NDC), a NeighborWorks® organization.

The Collaborative possesses strong resources, including dedicated community leaders to head the organizing effort, the Codman Square NDC as a base for holding organizing meetings and a burgeoning awareness of and interest in the effort across the community.

The Collaborative is targeting eight neighborhoods that have primarily low-income and minority residents. Through previous organizing efforts, the Collaborative has approval of a field of membership that includes anyone who “lives, works, worships or volunteers” in seven of the eight targeted neighborhoods.

The Collaborative recognizes the challenge posed by trying to serve all eight of these neighborhoods. Consequently, the Collaborative is interested in a “branching” model, whereby the CDCU would open as a branch of an existing credit union, with the possibility of spinning off as an independent credit union over time.

The Collaborative has been particularly interested in

the branching agreement between the Tampa Hillsborough Action Plan (THAP), a not-for-profit social agency that offers housing and financial assistance to nearly 10,000 people in East Tampa, Florida, and Florida Central Credit Union. East Tampa badly needed a financial institution that would give residents a fair deal. The mayor suggested that Florida Central CU open a branch there.

“We created a partnership with THAP, the city of Tampa and our credit union. We sat down and over a year-and-a-half period developed a plan of what each of us would bring,” stated Ed Gallagly, president/CEO of Florida Central Credit Union. Their vision came to fruition in May 1996, with the grand opening of the East Tampa THAP branch office of Florida Central CU. The credit union provides check-cashing services for nonmembers, along with payday loans, car title loans, money orders and money-wiring services. Working with the Tampa community group, the credit union plans to offer seminars about budgeting, credit and financial management.

The Collaborative members have been working with Eastern Corporation Federal Credit Union (EasCorp) President/CEO Jane Melchionda to identify potential partners and plan a marketing strategy. Some of the key qualities that they are looking for in potential partners include:

- ▶ A field of membership that is compatible with the Collaborative’s economic development goals;
- ▶ A range of products and services that meets the compelling needs of the community and is compatible with the economic development goals of the effort; and
- ▶ A credit union that is striving to expand its asset base and would benefit from an expanded field of membership.

The Collaborative has begun to discuss with Tremont Credit Union the possibility of branching into the Collaborative’s targeted neighborhoods. Tremont Credit Union is a \$146 million, state-chartered credit union that offers a full range of products and services, including regular savings and checking accounts, new and used auto loans, unsecured and personal loans,

Visa credit cards, lines of credit and other services such as payroll deduction, direct deposit, travelers checks and money orders.

According to Codman Square NDC Board Chair, Eva Clarke, “It makes more sense to work with an existing financial institution partner that will provide complementary products and services to underserved communities. In return, we can assist with fundraising, marketing, the delivery of financial literacy training, access to online banking and facilitate satellite offices of the credit union.”

# Conclusion

These case studies demonstrate the benefits of partnerships between credit unions and NeighborWorks® organizations. Communities benefit enormously from access to affordable financial products and services; credit unions and NeighborWorks® organizations benefit from leveraging the human, physical, structural and financial assets that each has to offer to the other. And credit union members benefit from expanded and optimized services and products.

While by no means intended to be exhaustive, the following list drawn from the 10 case studies that have been presented details some ways in which credit unions and NeighborWorks® organizations have partnered:

- ▶ NeighborWorks® organization officials serving on credit union boards and/or committees, and vice versa;
- ▶ A credit union financing a NeighborWorks® organization for purchase/reconstruction of rental properties and a single-family residence to be rented;
- ▶ Credit unions serving as sponsors of NeighborWorks® organizations in various Federal Home Loan Bank programs which lead to delivery of homeownership counseling, IDAs and down payment and closing cost assistance to eligible members;
- ▶ Participation by credit unions in NeighborWorks® revolving loan funds that are replenished through loan sales to NHSA;
- ▶ Participation by credit unions in member loans that are originated and closed by a NeighborWorks® organization;
- ▶ Collaboration between NeighborWorks® organizations and credit unions to develop loan products for first-time homebuyers, assistance to low-income households through IDA programs and development of homebuyer education and financial literacy programs;
- ▶ NeighborWorks® organizations providing energy, housing and budget counseling to credit union members;
- ▶ NeighborWorks® organizations providing affordable first and second mortgages to credit union members;
- ▶ Credit unions providing NeighborWorks® organizations with cross-marketing opportunities in their facilities;
- ▶ Credit unions sharing their expertise through home buyer seminars and assisting NeighborWorks® organizations with educating low- and very-low-income families about credit and/or affordability issues;
- ▶ A credit union assisting with fundraising for a NeighborWorks® organization;
- ▶ A NeighborWorks® organization sponsoring a low-income designated community development credit union with assistance, such as providing free office space, use of office machines and receptionist services;
- ▶ A credit union donating space to a NeighborWorks® organization for use as a satellite office; and
- ▶ A credit union and a NeighborWorks® organization engaged in a joint effort to educate the Hispanic population about their needs for affordable housing.

# Appendices

## Appendix A: Credit Union and NeighborWorks® Organization Contact Information

### Alternatives Federal Credit Union

Bill Myers, CEO  
301 West State Street  
Ithaca, NY 14850  
Tel.: (877) 273-AFCU

### Ithaca Neighborhood Housing Services

Paul Mazzarella, Executive Director  
115 West Clinton Street  
Ithaca, NY 14850  
Tel.: (607) 277-4500

### Codman Square Housing Development Corporation

Gail Latimore, Executive Director  
587 Washington Street  
Dorchester, MA  
Tel.: (617) 825-0893

### Neighborhood Housing Services of Pocatello

Richard Stallings, Executive Director  
206 North Arthur Street  
Pocatello, ID 83209  
Tel.: (208) 232-9468

### Dover N. J. Spanish-American Federal Credit Union

Javier Marin, General Manager  
P.O. Box 1326  
Dover, NJ 07802  
Tel.: (973) 361-3770

### Neighborhood Housing Services of Richland County

Terry Testolin, Executive Director  
213 S. Center Avenue  
Richland Center, WI 53581  
Tel.: (608) 647-4949

### Fairbanks Neighborhood Housing Services

Renee Patten, Executive Director  
P.O. Box 71168  
Fairbanks, AK 99707  
Tel.: (907) 451-7230

### New Horizons Community Federal Credit Union

Lynn Smart, Manager/Treasurer  
2303 Frankford Avenue  
Philadelphia, PA 19125  
Tel.: (215) 425-9290

### Housing Development Corporation of the Clinch Valley

Stephen Murray, Executive Director  
P.O. Box 5713  
Oak Ridge, TN 37831  
Tel.: (865) 482-7345

### New Kensington Community Development Corporation

Sandy Salzman, Administrator  
2515 Frankford Avenue  
Philadelphia, PA 19125  
Tel.: (215) 427-1302

### Housing Partnership of Morris County

Susan Zellman, Executive Director  
2 East Blackwell Street  
Dover, NJ 07802  
Tel.: (973) 659-9223

### Northern Schools Federal Credit Union

Barbara Langille, VP of Lending  
1417 Gillam Way, Suite 4  
Fairbanks, AK 99707  
Tel.: (907) 459-5900

### Idaho State University Federal Credit Union

Lonnie Nelson, President  
Ninth and Carter  
Pocatello, ID 83209  
Tel.: (800) 677-4781

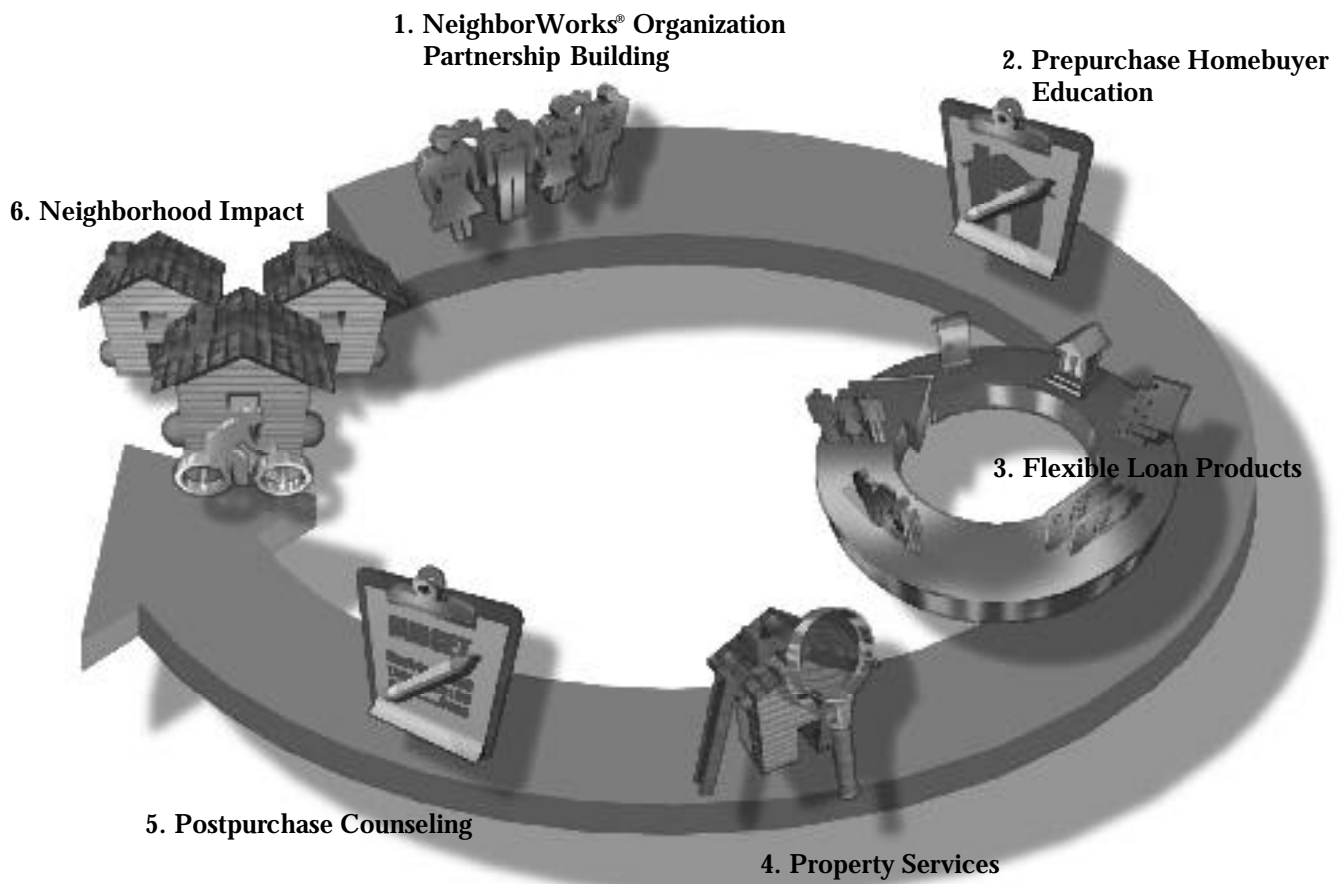
### ORNL Federal Credit Union

Ed Samsel, Vice President  
221 South Rutgers Avenue  
Oak Ridge, TN 37831  
Tel.: (800) 676-5328

**Tremont Credit Union**  
Leonard Broderick  
333 Longwood Avenue, Fourth Floor  
Boston, MA 02115  
Tel.: (781) 356-0798

**Westby Co-op Credit Union**  
Kevin Hauser, Branch Manager  
P.O. Box 110  
Richland Center, WI 53581  
Tel.: (608) 647-8835

## Appendix B: NeighborWorks® Full-Cycle Lending<sup>SM</sup> System





## Appendix C: Neighborhood Reinvestment District Office Locations

### Great Lakes District

*Indiana, Kentucky, Michigan, Ohio, Tennessee*

Paul Poston, District Director  
Neighborhood Reinvestment Corp.  
2368 Victory Parkway, Suite 210  
Cincinnati, OH 45206-2810  
Tel.: (513) 221-4260  
Fax: (513) 221-4425

### Mid-Atlantic District

*Delaware; Maryland; New Jersey; Pennsylvania; Virginia;*

*Washington, D.C.; West Virginia*

Karen Kollias, District Director  
Neighborhood Reinvestment Corp.  
Latrobe Building  
2 East Read Street, Fourth Floor  
Baltimore, MD 21202-2470  
Tel.: (410) 962-3181  
Fax: (410) 962-7679

### New England District

*Connecticut, Maine, Massachusetts, New Hampshire,*

*Rhode Island, Vermont*

Nelson Merced, District Director  
Neighborhood Reinvestment Corp.  
607 Boylston Street, Fifth Floor  
Boston, MA 02116-4802  
Tel.: (617) 450-0410  
Fax: (617) 450-0427

### New York/Puerto Rico District

*New York, Puerto Rico, Virgin Islands*

Beth Prentice, District Director  
Neighborhood Reinvestment Corp.  
Clinton Hall  
108 North Cayuga Street, Third Floor  
Ithaca, NY 14850-4346  
Tel.: (607) 273-8374  
Fax: (607) 273-0865

### North Central District

*Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska,*

*North Dakota, South Dakota, Wisconsin*

John Santner, District Director  
Neighborhood Reinvestment Corp.

1111 W. 39th Street, Suite 100W

Kansas City, MO 64111-2614

Tel.: (816) 931-4176;

Fax: (816) 714-1291

### Pacific District

*Alaska, California, Hawaii, Oregon, Washington*

Margaret Frisbee, District Dir.  
Neighborhood Reinvestment Corp.  
2400 East Katella Avenue, Suite 440  
Anaheim, CA 92806-5929  
Tel.: (714) 940-0144  
Fax: (714) 940-0973

### Rocky Mountain District

*Arizona, Colorado, Idaho, Montana, Nevada,*

*New Mexico, Utah, Wyoming*

Gary Wolfe, District Director  
Neighborhood Reinvestment Corp.  
1776 South Jackson Street, Suite 810  
Denver, CO 80210-3807  
Tel.: (303) 782-0299  
Fax: (303) 782-5568

### South Central District

*Arkansas, Louisiana, Oklahoma, Texas*

Ruth Osuna, District Director  
Neighborhood Reinvestment Corp.  
4801 Northwest Loop 410, Suite 750  
San Antonio, TX 78229-5345  
Tel.: (210) 256-8518  
Fax: (210) 256-8349

### Southern District

*Alabama, Florida, Georgia, Mississippi,*

*North Carolina, South Carolina*

Donald Phoenix, District Director  
Neighborhood Reinvestment Corp.  
One Georgia Center  
600 West Peachtree Street NW, Suite 1950  
Atlanta, GA 30308-3628  
Tel.: (404) 347-1004  
Fax: (404) 347-1005

## Appendix D: Credit Union Participation on NeighborWorks® Boards and Committees

| NeighborWorks® Organization | State | City         | Credit Union                                   | Committee Name<br>(blank indicates board member) |
|-----------------------------|-------|--------------|--|--|
| Fairbanks NHS, Inc.         | AK    | Fairbanks    | Northern Schools Federal Credit Union          |  |
| Sacramento MHA, Inc.        | CA    | Sacramento   | Golden 1 Credit Union                          |  |
| Sacramento NHS, Inc.        | CA    | Sacramento   | USE Credit Union                               | Loan   |
| NHS of Waterbury, Inc.      | CT    | Waterbury    | First Bristol Federal Credit Union             | Revolving Loan Fund                              |
| NHS of Waterbury, Inc.      | CT    | Waterbury    | Need Action Credit Union                       | Revolving Loan Fund                              |
| Pocatello NHS, Inc.         | ID    | Pocatello    | ISU Federal Credit Union                       | Loan   |
| Pocatello NHS, Inc.         | ID    | Pocatello    | Westmark Credit Union                          | Loan   |
| East Bluff NHS, Inc.        | IL    | Peoria       | Citizens Equity Federal Credit Union           |  |
| East Bluff NHS, Inc.        | IL    | Peoria       | Citizens Equity Federal Credit Union           | Loan   |
| Lafayette NHS, Inc.         | IN    | Lafayette    | Purdue Employees Federal Credit Union          | HomeStart Loan                                   |
| Project Renew               | IN    | Fort Wayne   | Three Rivers Federal Credit Union              |  |
| Project Renew               | IN    | Fort Wayne   | Three Rivers Federal Credit Union              |  |
| Project Renew               | IN    | Fort Wayne   | Three Rivers Federal Credit Union              |  |
| Project Renew               | IN    | Fort Wayne   | Three Rivers Federal Credit Union              | Executive  |
| Project Renew               | IN    | Fort Wayne   | Three Rivers Federal Credit Union              | Executive  |
| Community Housing Services  | KS    | Wichita      | Boeing Credit Union                            | Loan   |
| Coalition for a Better Acre | MA    | Lowell       | Jeanne D'Arc Credit Union                      |  |
| Coalition for a Better Acre | MA    | Lowell       | Jeanne D'Arc Credit Union                      | Economic Development                             |
| Coalition for a Better Acre | MA    | Lowell       | Jeanne D'Arc Credit Union                      | Executive  |
| Coalition for a Better Acre | MA    | Lowell       | Jeanne D'Arc Credit Union                      | North Canal Housing Trust                        |
| Coalition for a Better Acre | MA    | Lowell       | Jeanne D'Arc Credit Union                      | Real Estate                                      |
| Twin Cities CDC             | MA    | Fitchburg    | Leominster Credit Union                        | Homeownership Loan                               |
| Twin Cities CDC             | MA    | Fitchburg    | Worker's Credit Union                          | Homeownership Loan                               |
| Twin Cities CDC             | MA    | Fitchburg    | Workers Credit Union                           |  |
| Twin Cities CDC             | MA    | Fitchburg    | Workers Credit Union                           | Resource Development                             |
| NHS, Inc. of Great Falls    | MT    | Great Falls  | Great Falls Teachers Credit Union              |  |
| NHS, Inc. of Great Falls    | MT    | Great Falls  | Great Falls Teachers Credit Union              | Finance  |
| NHS, Inc. of Great Falls    | MT    | Great Falls  | Great Falls Teachers Credit Union              | Nominating                                       |
| NHS, Inc. of Great Falls    | MT    | Great Falls  | Great Falls Teachers Credit Union              | Personnel Committee                              |
| Ithaca NHS, Inc.            | NY    | Ithaca       | Cornell Finger Lakes Credit Union              |  |
| Ithaca NHS, Inc.            | NY    | Ithaca       | Cornell Finger Lakes Credit Union              |  |
| NHS of Toledo, Inc.         | OH    | Toledo       | Toledo Area Catholic Credit Union              | Loan   |
| Corvallis NHS, Inc.         | OR    | Corvallis    | OSU Federal Credit Union                       | Finance  |
| New Kensington CDC          | PA    | Philadelphia | New Horizons Community<br>Federal Credit Union |  |
| New Kensington CDC          | PA    | Philadelphia | New Horizons Community<br>Federal Credit Union | Financial Controls                               |
| New Kensington CDC          | PA    | Philadelphia | New Horizons Community<br>Federal Credit Union | Housing Counseling                               |
| HDC of the Clinch Valley    | TN    | Oak Ridge    | ORNL Federal Credit Union                      | Finance  |
| HDC of the Clinch Valley    | TN    | Oak Ridge    | ORNL Federal Credit Union                      | Loan   |
| HDC of the Clinch Valley    | TN    | Oak Ridge    | ORNL Federal Credit Union                      | Loan   |
| HDC of the Clinch Valley    | TN    | Oak Ridge    | ORNL Federal Credit Union                      | Finance  |
| HDC of the Clinch Valley    | TN    | Oak Ridge    | ORNL Federal Credit Union                      | Loan   |
| Rutland West NHS, Inc.      | VT    | West Rutland | Heritage Family Credit Union                   | Loan   |
| Fairmont CD Partnership     | WV    | Fairmont     | Fairmont Federal Credit Union                  | Loan   |

## Appendix E: National Credit Union Administration Regional Offices

**Region I** Albany - Phone: 518-862-7400  
E-mail: region1@ncua.gov

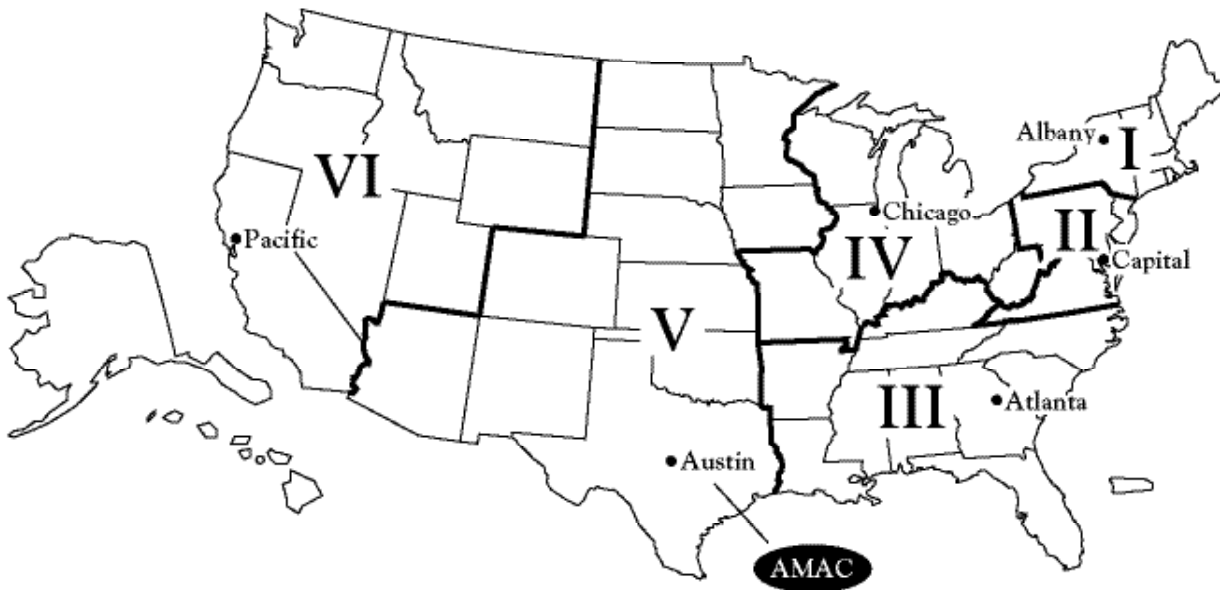
**Region IV** Chicago - Phone: 630-955-4100  
E-mail: region4@ncua.gov

**Region II** Capital - Phone: 703-519-4600  
E-mail: region2@ncua.gov

**Region V** Austin - Phone: 512-342-5600  
E-mail: region5@ncua.gov

**Region III** Atlanta - Phone: 678-443-3000  
E-mail: region3@ncua.gov

**Region VI** Pacific - Phone: 925-363-6200  
E-mail: region6@ncua.gov



## Appendix F: National Credit Union Administration Office of Credit Union Development

With the establishment of the National Small Credit Union Program in March 1999, as well as the revision of the Field of Membership Manual relating to under-served area expansion, the Office of Credit Union Development (OCUD) has assumed a broader business development mission. Based on these actions, their mission is to:

- ▶ Foster business development of credit unions by providing the guidance and education needed for the delivery of financial services;
- ▶ Facilitate the expansion of credit union services through the chartering of new credit unions and field of membership expansions; and
- ▶ Coordinate efforts with third-party organizations to improve the viability and successful operation of credit unions.

### Community Development Revolving Loan Fund

- ▶ Loan Program: Loans are granted up to a maximum of \$300,000 to safe and sound low-income credit unions, at a current interest rate of one percent, to further the development of the credit union's field of membership.
- ▶ Technical Assistance Grant Program
  - ▶ Technical Assistance funds are generated from earnings on the outstanding loans (currently earning approximately \$226,000 per year).
  - ▶ Congress appropriated \$350,000 in FY 2001 and \$350,000 in FY 2002 for technical assistance.

### Student Internship Program

The 2002 summer internship program matched 28 college student interns with 56 different credit unions, with technical assistance stipends expected to total \$69,000. The intent of the program is to provide college students exposure to the work performed by low-income credit unions as well as provide a cross-training experience with mainstream credit unions.

### National Small Credit Union Program (SCUP)

There are more than 800 credit unions voluntarily

participating in the program, which promotes successful, financially healthy small credit unions. Regional staff performs on-site contacts and workshops to assist SCUP credit unions. As training for this program, OCUD conducts workshops for NCUA staff to address issues germane to small credit unions.

### Low-Income Designated Credit Unions

OCUD, in conjunction with NCUA's regional offices, promotes programs that increase the awareness of the benefits of the low-income designation. As of November 2002, there were more than 900 low-income designated credit unions.

### Outreach

OCUD established and nurtured contacts with governmental and nongovernmental organizations to educate those organizations about involvement with credit unions.

As a result of Office of Credit Union Development initiatives, more credit unions are participating in the following programs:

- ▶ Community Development Financial Institutions Technical and Financial Assistance;
- ▶ Community Reinvestment Act (CRA) Assistance;
- ▶ Low-Income Designation;
- ▶ Partnering and Mentoring;
- ▶ Small Business Administration Lending Programs; and
- ▶ NCUA field of membership expansion into investment areas.

OCUD has developed, orchestrated and presented current topics germane to furthering business development. It trains staff through Economic Development Specialists/Subject Matter Examiners workshops and familiarizes new examiners with business opportunities available to credit unions. Training topics include:

- ▶ CDFI programs;
- ▶ Neighborhood Reinvestment Corporation programs;

- ▶ Federal Deposit Insurance Corporation CRA programs;
- ▶ Office of Thrift Supervision CRA programs;
- ▶ Small Business Administration programs;
- ▶ Appalachian Regional Commission programs;
- ▶ National Community Investment Fund programs;
- ▶ U.S. Department of Housing and Urban Development programs;
- ▶ U.S. Department of Agriculture programs;
- ▶ NCUA field-of-membership expansion programs;
- ▶ NCUA Community Development Revolving Loan Programs; and
- ▶ Grant-writing techniques.

## Appendix G - Internet References

**Access Across America:** Information concerning the “Access Across America” initiative can be found at [www.accessacrossamerica.gov](http://www.accessacrossamerica.gov) or through the National Credit Union Administration’s homepage at [www.ncua.gov](http://www.ncua.gov).

**Credit Union Data:** Information concerning individual credit unions as well as credit unions located in certain geographic areas, serving specific associations or serving specific business organizations can be found at [www.ncua.gov/indexdata.html](http://www.ncua.gov/indexdata.html).

**Neighborhood Reinvestment Corporation:** Information concerning NRC and its affiliated NeighborWorks® organizations can be found at [www.nw.org](http://www.nw.org).

**Office of Credit Union Development:** Information on the Community Development Revolving Loan Fund programs, a listing of low-income designated credit unions and other partnering opportunities for credit unions can be found at [www.ncua.gov/org/orgchart/ocud/index.html](http://www.ncua.gov/org/orgchart/ocud/index.html).

Neighborhood Reinvestment Corporation  
1325 G Street, NW, Suite 800  
Washington, DC 20005  
(202) 220-2300  
[www.nw.org](http://www.nw.org)



February 2003

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