

Honor Our Heritage Focus on the Future &

2008 National Federation of
Community Development Credit Unions

Latino Conference





U.S. Treasury Secretary Anna Maria Cabral wants credit unions to help immigrants to have the quality of life they deserve.

Financial education is critical to living a quality life

United States Treasurer Anna Escobedo Cabral wants “to make sure people have the quality of life they deserve.”

Unfortunately, that’s becoming more and more difficult for many consumers with the housing crisis, rising unemployment, and rising prices for food and transportation. In Hispanic communities, one also has to factor in increased government oversight for undocumented immigrants and their employers.

Taken individually, those problems look manageable. Combined, they represent a real crisis for many. That’s where Cabral sees credit unions helping out with financial education.

Nearly 1.7 million families are in foreclosure due to subprime loans made from June 2005 to June 2007. Unfortunately, Cabral opined, “In 50% of all the foreclosures, no one called to try to work out a solution ... people don’t understand that they have a bit more power in their hands.”

Instead, too many people try to hide from their problems. “Nothing can be gained by hiding,” she said, and she told attendees at the 5th Latino Credit Union Conference in Dallas that she would hate to see innovative mortgage

Poor money management has no psychographic or demographic boundaries.

lending programs disappear when what may be needed are appropriate modifications.

Of course, those most at risk right now are the millions of consumers who have no relationship with a financial institution. They’re paying an extremely high price for their financial ignorance, Cabral said. These are the people who are putting off paying their electrical bill today and will be putting off paying their water bill tomorrow. They need financial education.

Cabral does not believe that financial literacy is a problem

just for the poor, the underserved, the undocumented immigrant, or the minority group member. Poor money management has no psychographic or demographic boundaries. In today’s complex financial world, everyone needs money management help.

“We have an obligation to our children and to our neighbor’s children to teach financial literacy,” Cabral said. That obligation is very real to Hispanics. After all, one out of every five children born today is Latino as is one out of every eight workers.



Bill Cheney, president and CEO of the California and Nevada Credit Union Leagues, reminded attendees that the fastest growing credit unions in his league are the ones reaching out to new immigrants.

Serving your FOM means serving all who are eligible

“It’s the board of directors’ job to determine your credit union’s field of membership. And once that’s done, it’s your job to serve the entire membership.”

That’s what Bill Cheney, president and CEO of the California and Nevada Credit Union Leagues, tells his league’s member credit unions. He encourages credit unions to accept the Matricula Consular identification card and he reminds credit unions that, “It’s your job to serve all potential members.”

In fact, Cheney noted, credit unions that serve new immigrants are among the fastest growing credit unions in his state. And you can bet that banks, thrifts, and payday lenders are interested in serving this market. In fact, credit unions and banks in that state have called a truce to participate in a new outreach program for the underserved.

In an effort to help working Californians without accounts at financial institutions to open starter accounts, Gov. Arnold Schwarzenegger launched a “Bank on California” program and the league has signed on to help. The program is designed to help more low- and middle-income Californians establish

“It’s not only the right thing to do, it’s a good business decision.”

savings, build a credit history, gain access to lower-cost sources of credit, and invest for the future.

“It’s not only the right thing to do, it’s a good business decision,” Cheney said. He noted that Kinecta and Wescom Federal Credit Unions have purchased payday lending outlets in the Los Angeles market because these credit unions will show “credit union’s have a better way to

do payday lending.”

California credit unions are working hard to serve the underserved, Cheney said. He noted SchoolsFirst Federal Credit Union in Orange County has started a community development credit union, [Comunidad Latina Federal Credit Union](#), in Santa Ana. And a number of larger credit unions in the state have working partnerships with community development credit unions (CDCU).

“Don’t just open in a community, be a part of the community,” Cheney said. “That’s the CDCU model and hats off to them.”



Credit unions need to attract younger members, new immigrants, and underserved markets. And targeting the Latino market helps solve all three of those issues, noted Dick Enswailer, president and CEO of the Texas Credit Union League.

CUs should serve Hispanic market

An outreach program to serve the Hispanic market offers credit unions a chance to serve young people, the average age of a Latino is in the mid-20s; to serve new immigrants, this is the fastest growing market in the country; and to serve the underserved, many Hispanics are unbanked.

“We have an opportunity to step forward and introduce Hispanics to financial services the way they should be served.” That’s at the core of Dick Enswailer’s passionate and persistent plea to credit unions that are undecided about Hispanic outreach. As president and CEO of the Texas Credit Union League, Enswailer sees no hurdle that can’t be overcome.

He sees a chance to offer these market lifeline financial services. It’s a simple formula: Find out what they need and how to meet those needs. Understand their culture, their

“We have an opportunity to step forward and introduce Hispanics to financial services the way they should be served.”

language, and the kinds of services they need.

This market needs a safe haven because “There’s an unspoken epidemic in America,” Enswailer said. This market is being held up by robbers at check-cashing outlets.

To encourage Texas credit unions to serve the Hispanic market, Enswailer launched the Juntos Avanzamos (Together We Advance) recognition program and he encouraged credit unions and other leagues to launch similar efforts in their states.

Credit unions should consider offering noninterest-bearing savings and/or checking accounts and used vehicle loans to help Hispanics get to work. “Pretty soon you’ll find you have developed a relationship with this group,” he said.



Harriet May, CEO of GECU, preaches financial education to her staff and its members. "If we can teach members to save, haven't we done our job?"

Financial education is key to GECU's success

Financial education is the cornerstone of the relationship GECU has built in its predominately Hispanic community, according to CEO Harriet May.

GECU and the El Paso Affordable Housing CUSO conducted 12 one-hour-long classes that met over a four week span; more than 5,000 members have participated in the program over the past three or four years, May noted.

"People ask what our business plan is and I tell them we open our doors at 8 o'clock in the morning and we don't make assumptions about this market," May said. "Just because a person's name is Garcia doesn't mean they speak Spanish."

GECU provides staff and members with a glossary of terms in English and Spanish. It has large offices because Hispanics like to bring the whole family to transact business. And the credit union hosts 100 different financial

"It's not only the right thing to do, it's a good business decision"

education seminars a year. It has a strong high-school peer-to-peer financial education program, and it participates in the America Saves program.

The credit union has a "no excuses savings club" that requires a \$50 initial deposit and a minimum \$10 deposit

each month thereafter. It has two full-time bilingual financial counselors on staff and they are booked solid for two months out.

And GECU's "Savings Challenge" is entering its second year. The challenge earned the credit union some valuable recognition in the community and the winner of last year's challenge took home \$10,000 after saving 29% of her salary over the course of a year.



Victor Rico, director of democratic sustainability and special missions for the Organization of American States, said bank regulation and oversight must improve in South America.

Poverty remains big hurdle; remittance market critical

For the countries represented by Organization of American States (OAS), poverty continues to be the biggest hurdle to overcome, according to Victor Rico, OAS' director of democratic sustainability and special missions.

The OAS has a stated goal of sustaining a 5% annual growth rate for the region, and 2004 was a remarkable year with a 4.5% growth rate, the highest in 30 years. But today the region is facing high inflation rates, which is running at about 7.8%.

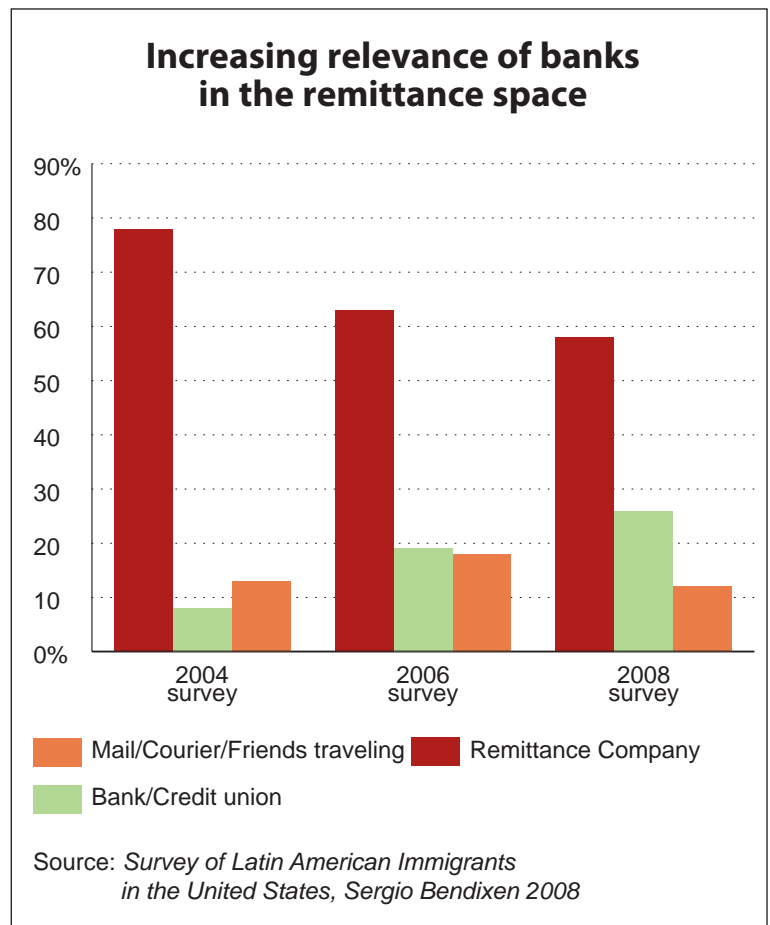
OAS has turned to micro-credit lending to teach people about wealth building. The majority of borrowers are women "because they are better at managing their money," Rico said. And while micro-lending will not end poverty, it is helping some people change their lives.

Micro-lending works not because there are no down payments, but because there is group pressure to repay loans on time, Rico said. Transparency is critical to the program's success.

"Are microlending programs the way to reduce poverty?" Rico asked. "No, but they encourage wealth building and that is important."

The key to the economy for many OAS members is the

remittance market. Worldwide, remittances grew 7% in 2007 to \$318 billion, according to World Bank Report. And a recent survey on remittance patterns in the first quarter of 2008 by the Inter-American





Francisco Anza Solis, general deputy director of the Instituto de los Mexicanos en el Exterior, said migration from Mexico to the United States has significant costs for Mexico. More than one million families in Mexico receive remittances from the United States.

Development Bank predicts that remittances from the U.S. to Latin America will total \$45.9 billion in 2008. (India tops the global list of remittance recipients with \$27 billion, followed by China with \$25.7 billion, Mexico with \$25 billion, and the Philippines with \$17 billion.)

For the fifth consecutive year, remittances exceeded foreign aid investments in OAS countries. In fact, remittances represent 12% or more of the GDP in seven Latin American countries.

Today, however, the weakening of the American dollar has reduced the value of remittances. As a result, remittances from Europe are expected to show more growth because the value of the euro is stronger than the U.S. dollar, Rico said.

Rico acknowledged that bank regulatory oversight must improve among OAS states. And he said remittance programs must be geared toward the needs of the recipients.

To Francisco Anza Solis, deputy general director of the Instituto de los Mexicanos en el Exterior (Mexico City), the remittance market is a vicious circle and a virtuous circle.

While remittances help countries and communities in South America develop, they

For the fifth consecutive year, remittances exceeded foreign aid investments in OAS countries.

lead too many undocumented immigrants to head north to the U.S. More than one million families in Mexico receive remittances, Solis said. More than half the people receiving remittances live in rural areas and 86% of the remittance money received goes for basic needs.

While remittances “are not a mechanism for development,” they could provide many with access to financial services, Solis said. He said the Mexican government

is committed to supporting low-cost remittance services and encourages the use of its [remittance calculator](#).

The challenge is significant. While 35% of migrants have a bank or credit union account, only 11% use that relationship to send remittances, he said. Nearly eight of 10 immigrants send remittances, and nearly one-third send a remittance at least once a month.

“Is there a partnership potential for credit unions?” Solis asked. Solis noted that there currently are 42 agreements between 15 Mexican consulates and financial institutions in the U.S. With 48 Mexican consulates in the U.S., Solis suggested there are plenty of opportunities for credit unions to enter the market.



Don't make hate part of the immigrant debate

Janis Bowdler, associate director of wealth building policy projects for the NCLR, warned that the politics of hate that seems to be creeping into the immigration debate threatens the good works that credit unions and others have done.

Janis Bowdler, associate director of wealth building policy projects for the National Council of La Raza (NCLR) in Washington, D.C., has a growing concern about the way people are talking about immigration in the U.S.

That's because she sees the language of hate creeping into immigration discussions. No longer are there "groups" of undocumented immigrants. Instead it is becoming more common to refer to those individuals as "swarms" and "hoards" of illegal immigrants.

To Bowdler and NCLR's way of thinking those adjectives are deliberately chosen to dehumanize the immigration issue. The words alone imply these people are carrying diseases into the U.S.

Decrying the surge in hate speech and violence that has surrounded the immigration debate, NCLR launched a [campaign](#) to end hate speech in the immigration debate. It's calling for the news media networks to end rhetoric that demonizes immigrants and Hispanic Americans.

There has been a rise in the use of code words that label immigrants and Latinos as a threat to the American way

"Credit unions can serve this market and you can do it better than others are doing it."

of life. Bowdler articulated four categories of code words, rhetoric that:

- 1) Refers to immigrants as "an army of invaders" or an "invading force;"
- 2) Associates immigrants with animals and refers to them as "a massive horde" or "swarm;"
- 3) Accuses immigrants of "bringing crime and disease" to America, including "leprosy, tuberculosis, and malaria" and "gang warfare;"
- 4) Purveys the conspiracy theory of "reconquista" or "Atzlán"—the taking

back of lands in the southwestern U.S. for Mexico.

Hispanics are very susceptible to subprime mortgage default because many immigrants do not understand that they may be able to work with their lender to save their mortgage. Likewise, some businesses could be subject to penalties for employing undocumented workers.

"This all translates into an environment that leads to more predatory scams against Hispanics," Bowdler warned. She noted that 22% of Latinos in this country have a 'thin' credit file (no credit history) compared with only 4% of whites. And 35% of Latinos do not have a checking or savings account.

"Credit unions can serve this market and you can do it better than others are doing it," Bowdler said. She said NCLR is looking into reports that Hispanics and African American borrowers are paying up to 12 percentage points more than whites with the same credit rating.



CIA is key to serving Hispanic market

Credit unions should frame the immigration debate into a discussion of what's good for the economy, opined George Hofheimer, chief research officer for the Filene Research Institute.

The way George Hofheimer, chief research officer for the Filene Institute in Madison, Wis., sees it, the whole immigration issue should be framed in terms of access to goods and services.

What's the goal of the U.S. economy? To maximize products and sales of U.S. goods and services. That means more consumers need access to products and services, not less.

Should state and federal credit union regulators police service to undocumented immigrants? NCUA's focus should be to encourage credit unions to serve the underserved markets and on safety and soundness, not immigration policies.

Hofheimer foresees some huge changes ahead. For example, he believes the regulatory environment is about to shift away from the needs of the financial industry and more toward the needs of consumers.

He sees credit unions as having the best chance to influence policy at the local level. That means understanding that the way your credit union is viewed in your community is just as likely to influence politicians as lob-

bing efforts at the state and national level.

And the head of research for the Filene Institute suggests credit unions focus on providing members the best in terms of choice, innovation, and access. He calls this a "CIA" movement, though there is nothing particularly clandestine about it. It involves giving members a variety of choices beyond payday lenders and commercial banks.

'C = choice'

He contends that most consumers don't have a clue about what is best for them. That's one of the reasons payday lenders are proliferating. Yes, they offer convenient hours and fast turnaround. That's why credit unions have to offer members the right choice the first time the member asks about a mortgage. For most consumers, that right choice was a 30-year, fixed-rate mortgage, not some hybrid with escalating payments.

"We have to pare down the number of options we give most consumers," Hofheimer said.

'I = innovation'

For the Hispanic market innovation might mean positioning your marketing materials in a way that young immigrants can translate them to their parents and elders. It might mean partnering with local community groups that serve Latinos. Or it might mean conducting some ethnographic research to get a better understanding of the behaviors and attitudes of Hispanics in your community.

'A = access'

This really means convenience. Regardless of age, convenience means different things to different people. In the case of some Hispanics it might mean providing financial counseling after a Sunday church service. In the case of young, second or third generation Hispanics it might mean multiple access and delivery points for your products and services. Older Hispanics may prefer doing business face to face, with other members of the family in attendance. The Latino market may need extended office hours or a branch office near a cultural center like a church or Centro Hispano.



Hispanics are a VIP group

The Hispanic market has buying power that will top a trillion dollars by 2010. This VIP market is the fastest growing demographic sector in the U.S. "When are we going to decide what to do with these wonderful people?" asked Juan Hernandez, author of the book *The New American Pioneers*.

That's part of the message Juan Hernandez, former Mexican Secretary for Immigration Affairs, delivered during a brief luncheon appearance at the 5th Latino Credit Union Conference.

By now anyone who watches Fox News Network has seen Hernandez debate and debunk fears about Hispanic immigration.

After all, Hernandez willingly points out: "We're already here." And with \$873 billion in purchasing power expected to surpass \$1.1 trillion by 2010, this is a VIP group that has to be recognized.

"I believe in what you are doing and I am proud to be a credit union member," Hernandez said. And while he applauded credit unions for being among the first to serve this market, he is aware that some credit union people still are uncomfortable with the Hispanic market.

"We are here and we are the fastest growing consumer market here," he said. "When are we going to decide what

to do with these wonderful people?"

Credit unions need to grow membership. And they need to appeal to younger consumers. The average Hispanic family has five members and the average Hispanic in the U.S. today is in his or her 20s. The first thing they want to do is buy a car and aren't car loans still a key ingredient to the credit union lending portfolio?

"Our Hispanic communities need financial services. They are getting ripped off by payday lenders and others," Hernandez noted. And the potential to serve this market is wide open because half the Hispanics here are unbanked.

"Credit unions have been at the forefront in serving the Hispanic market, but there's a whole lot more to do," he said. "The credit union movement still does not understand the Hispanic community. There is lots of information, but not a lot of understanding. Many credit unions still need to learn how to connect with this market."

To illustrate his point, he

noted that more people in the U.S. watched the television special about the life of Hispanic singer Selena than watched the Super Bowl. Hispanics have huge buying power, yet many companies do not have a strategy to serve this market.

"Yes, this market is different, but there's nothing that can't be overcome," he said. You have to do research, stay up-to-date, and develop a three- to five-year plan to serve the market. Start with translating your services and making them culturally relevant. He says credit unions need to practice his three 'be there's':

- 1) **Be there** physically in the Hispanic community;
- 2) **Be there** to listen to us, not just to teach us; and
- 3) **Be there** when it counts, like right now when the immigration debate is heating up.

"Credit unions will be remembered," Hernandez said, "because you are on the right side of history."



Financial education is market's biggest need

The research that Associate Professor Barbara Robles from Arizona State University has done on the Hispanic market in the southwest says credit unions should tie the delivery of financial services to financial education when reaching out to the Latino market.

If credit unions want to help Hispanics, says Barbara Robles, associate professor at Arizona State University, Phoenix, you need to focus on a few important things:

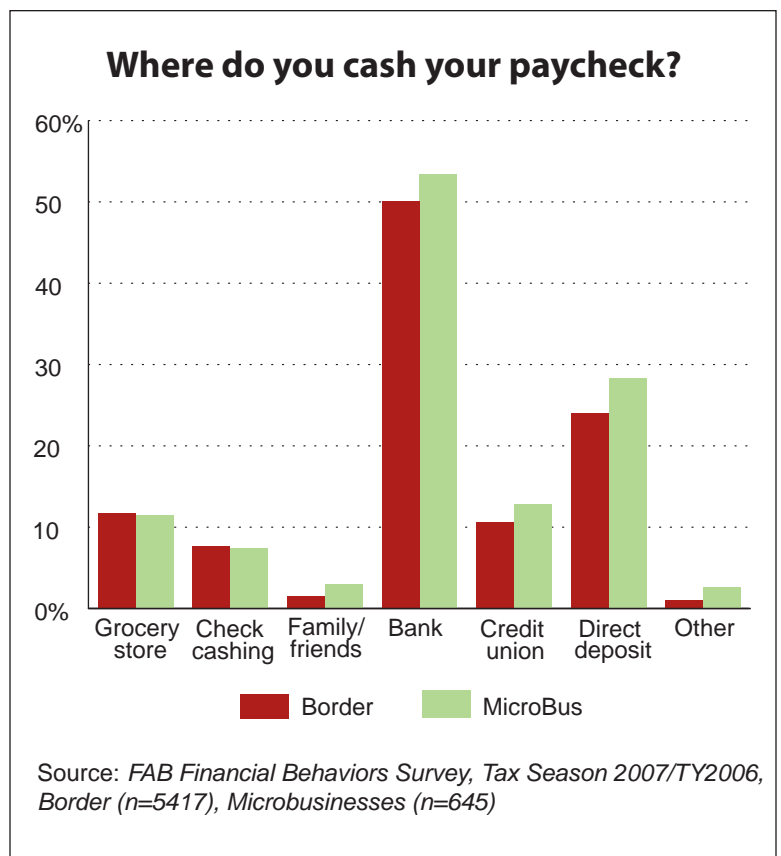
- 1) Teach them about mortgages and mortgage instruments;
- 2) Offer them vehicle loans so they can get to work and back;
- 3) Introduce them to savings accounts for their children;
- 4) Help them understand how to apply for financial education aid; and
- 5) Teach them how to save for retirement.

“Financial education should be tied to the products and services you offer,” Robles said. She’s been studying the Hispanic markets of Arizona, Texas, New Mexico, and California for some time now.

Credit unions should tie financial education to teaching Hispanics about your products and services. And you should tie that to civic engagement, Robles said. Credit unions need to get Hispanic student interns and you need to take

the research you do about this market back to the market’s community leaders. What good does it do to know the market needs to know more about mortgages if you aren’t getting your financial education programs in front of Hispanics?

For example, the earned income tax credit (EITC) program offers many Hispanics useful economic help, Robles noted. Over a three year period an eligible family can get up to \$16,000 in EITC refunds—but there’s a ton of money being left on the table

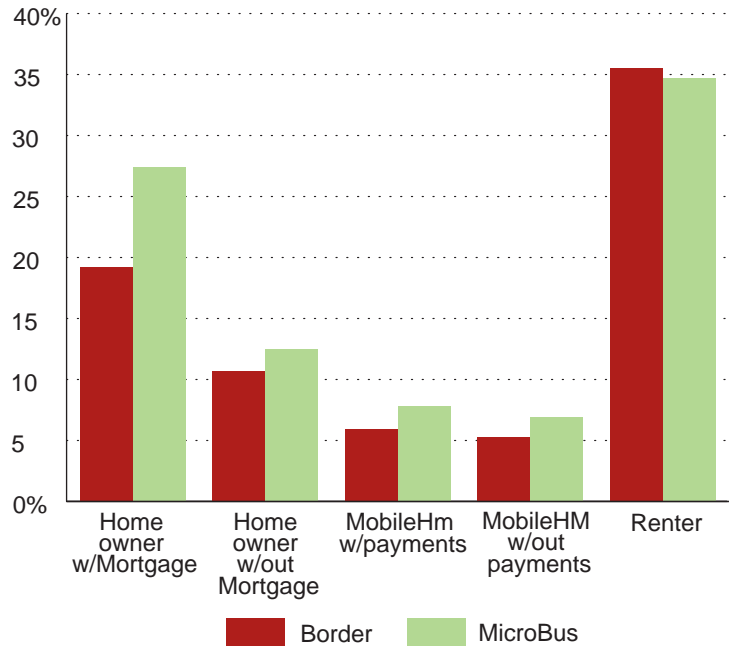


and much of the money should be going to Hispanics who are eligible but are underrepresented.

Robles survey work shows some interesting money profiles for Hispanics in those four states. For example, during the 2006 and 2007 tax years, more than half of those profiled cashed their checks at banks and only about one-quarter had their paychecks directly deposited into a financial institution. About one quarter of this market uses money orders to pay bills and about 10% know about individual deposit accounts (IDAs), and less than 5% know about savings circles. This market has a big interest in learning more about small and micro-business accounts, Robles said.

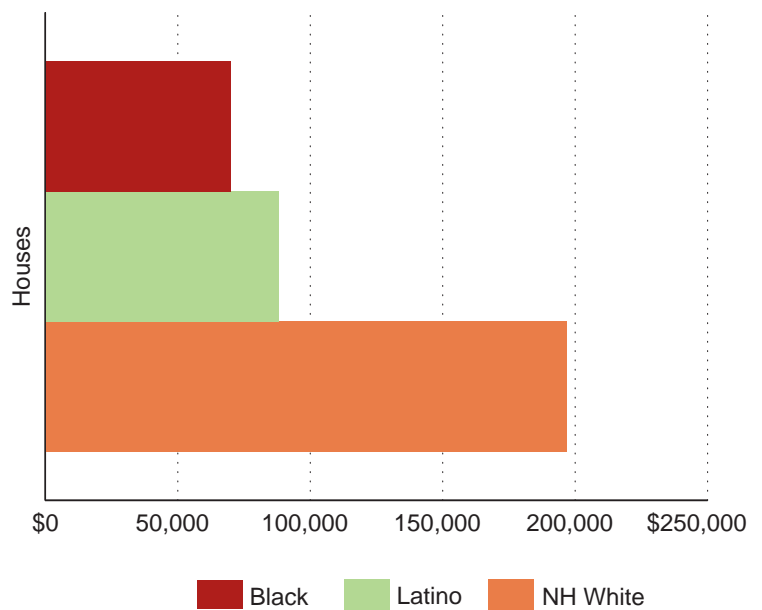
One way to tap into this market is to hire community development undergraduate and graduate students to share information about financial, tax, and investor products and services, Robles said. Those student interns can work with community partners to help provide asset building services and products. In essence, those students would become financial fitness change agents for your credit union.

Home Owner vs Renter Status



Source: FAB Financial Behaviors Survey, Tax Season 2007/TY2006, Border (n=5417), Microbusinesses (n=645)

Mean Value Primary Home, 2004\$: SCF 2004



Source: Survey of Consumer Finances, 2004, Board of Governors, Federal Reserve System, data on all families and inflation-adjusted from Public Tabling Extract



Do your product offerings meet market needs?

Ann Baddour, senior policy analyst for Texas Appleseed, told attendees the biggest competitor for first generation Hispanics is not banks but check-cashing companies and pawnshops.

For some Hispanics the reason they don't use more financial services is that the product offerings don't meet their needs, according to Ann Baddour, senior policy analyst for Appleseed, in Austin, Texas.

She offered a couple of simple tips to serving this market.

First, this immigrant market works through trusted community groups. If you don't have the blessings of Centro Hispano, Hispanic church leaders, the education and civic leaders in their community, you aren't going to make many inroads with this market.

Second, you need to know your competitors. Is it a check-cashing outfit? A pawnshop? For first generation Hispanics those are your main competitors. "What is stopping credit unions from making payday loans at affordable rates?" Baddour asked. "Is it fear of the unknown? A lack of leadership? This market needs the money today and if you don't serve them, someone else will.

"You have to give people a reason to trust you and to use you," Baddour said.

She highlighted a study from the Federal Reserve in Chicago that showed 69% of Hispanics in America earn less than \$30,000 annually; 19% earn

between \$30,000 and \$50,000; and 7% earn more than \$50,000. On average, Hispanics here send around \$2,500 annually in remittances.

The longer Hispanics live in the U.S., the less they send in remittances. But take a close look at the numbers because there is not a big drop off until someone has been here at least 10 years.

According to the Fed report that Baddour cited, of those who have been here five years or less, 43% have an account at a financial institution and 87% of this group sends money to their home country. Of those who have been here from six to 10 years, 67% have an account here and 84% wire money home. For those who have lived in the U.S. for longer than 10 years, 77% have an account at a financial institution here and only 32% wire money to their home country.

The barriers to using credit union or bank services in the U.S. start with documentation. Other reasons given include: They are not earning enough money; service fees are too high; they need immediate access to cash; it's inconvenient; there are service and language barriers; and their credit-worthiness does not fit the traditional profile used by

U.S. financial institutions.

Baddour said this market has some similarities with other users of financial institutions. For example, they want access to health and life insurance. They want access to credit for their families and businesses. They want to start a savings program for the education needs of their children.

Where they may differ from other potential members you may have is in their community needs. They want affordable remittance programs, loans for citizenship, and help with their immigration status.

For an example of the help with immigration that a credit union could provide, Baddour noted a program in Austin, Texas, called the family unification loan that helps with immigration. In only four months the program generated more than \$30,000 in loans.

Other ways credit unions could tap into this market includes working through your local schools and employers who serve this market. Like Robles, Baddour encouraged credit unions to integrate financial education into the financial products and services they provide.



Consumers will feel the impact of the subprime mortgage meltdown until at least 2011 and possibly until 2015, according to Keith Corbett, senior vice president at the Center for Responsible Lending.

Blame game doesn't matter; the fix will hurt

The impact of the housing crisis will be felt at least until 2011 and possibly as long as 2015.

That's the way Keith Corbett, senior vice president of the Center for Responsible Lending (CRL), Durham, N.C., sees it. And to Corbett, that means continued trouble for communities of color. Data from the CRL suggests that 52% of the subprime loans have been made to African Americans and 40% to Hispanics.

"Lenders steered African American and Latino borrowers into subprime loans," Corbett charged. "How many of them are getting help from their lenders now that they are in trouble?"

CRL first began publishing foreclosure data in 2006 and in the past few years, foreclosures on mortgages have been "exploding." Today there are 20,000 foreclosures a week, Corbett said. For many consumers it wasn't just that their adjustable-rate mortgage rates were increasing, it was the fact that 70% of the subprime mortgages had prepayment penalties. The frequency of

prepayment penalties on other mortgage instruments CRL studied was just 2%.

Corbett called upon credit unions to help borrowers keep their homes by educating prospective borrowers about mortgage instruments and how they work. For example, Corbett suggested that 40% of subprime borrowers could have qualified for a fixed-rate mortgage but were instead sold variable-rate mortgages that they had little chance of paying when rates eventually increased.

CRL is asking mortgage lenders to fix the problems they helped create. In addition,

CRL is encouraging legislative and judicial modifications to help with upside-down mortgage loans (where more is owned on the loan than the property is worth). It wants to "tweak" the bankruptcy law. And it is supporting legislation that would grant a moratorium on foreclosures for existing borrowers, prohibit prepayment penalties, and prohibit yield spread premiums paid to mortgage brokers.

Tim Sandos, president of the National Association of Hispanic Real Estate Professionals (NAHREP) in Washington, D.C., noted that



Tim Sandos, president and CEO of the National Association of Hispanic Real Estate Professionals, urged credit unions to fill the mortgage void because banks are tightening up their credit standards.

the current foreclosure rate is the highest in more than 30 years. One in five mortgages will go bad as 2.5 million people have defaulted on their mortgages.

Sandos took exception to comments that real estate brokers knowingly steered borrowers to variable rate subprime loans. He noted that 78% of the members of his association support licensure. NAHREP has 16,000 members in 48 states and most sign and abide by a stringent code of ethics, he said. He also predicted that many banks will curtail some of their mortgage

lending in Hispanic communities because of the current foreclosure trend. Not surprisingly, Sandos remains bullish on this market, provided it is educated about the mortgages they are being sold. By the year 2020, 40% of new home buyers in the U.S. will be Latino.

Nelson Merced, director of the National Initiatives and Applied Research for NeighborWorks, Washington, D.C., said there are three myths in the mortgage market that have to be understood.

1. Merced said it is a myth that subprime home ownership helped expand home ownership in the U.S. In reality, many of the subprime mortgages that were sold to consumers were actually refinancings.
2. The second myth is that many of these loans went to borrowers who would not have qualified for a conventional, 30-year fixed-rate mortgage. A *Wall Street Journal* survey suggested nearly half the borrowers of subprime mortgages could have qualified for a fixed interest rate loan.
3. And the third myth is that borrowers understood what they were signing.

Merced noted that legislation to help troubled homeowners is likely to help only a fraction of those who need it. He

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called upon credit unions and other community organizations and banks to “do the right thing, and do it now” for troubled homeowners.

Merced encourages consumers with mortgage issues to use his group’s help line, 800-995-HOPE. And he invited credit unions to join the National Neighborhood Stabilization Program.



More than half the subprime borrowers could have qualified for a standard 30-year fixed-rate mortgage, but were steered elsewhere, according to data provided by Nelson Merced, director at the National Initiatives and Applied Research for NeighborWorks.



NCUA Board Member Gigi Hyland wants to revisit the agency's white paper on service to low-income communities.

Hispanic market could help CUs grow, Hyland suggests

Credit unions have a phenomenal opportunity to provide service to the Hispanic market, NCUA Board Member Gigi Hyland said.

When it comes to immigration issues, Hyland's take is that credit unions need to serve everyone in their field of membership.

And Hyland said it is time to revisit the agency's 2005 examiner's white paper on service to low income communities. The effort is being headed by Dave Marquis, the director of the office of examination and insurance. Hyland hopes the review will be completed some time in the first quarter of 2009.

Hyland provided a status report regarding the agency's Outreach Task Force report. And she noted that credit unions need to do a better job reviewing their liabilities with outside vendor contracts.

"If your vendor relationship plays a big role in accomplishing your credit union's strategic goals, you probably need to have your attorney review that relationship and your contract," Hyland said. While potentially expensive, a legal review could protect the credit union because those contracts typically are weighted in the

favor of the vendor, she noted.

Hyland continues to promote more transparency between the credit union and its members. Members need to know who will benefit when a credit union considers any major

change in direction, she said.

Hyland lauded the outreach efforts of community development credit unions when it comes to provided needed service to Hispanics and other underserved markets.



Dear Credit Union Professional,

The theme of the 5th **Latino Credit Union Conference, "Latinos and Credit Unions: The Crossroad Where Mission Meets Opportunity"** effectively summarizes how critically important the Latino market is for our future. The Latino Credit Union Conferences that started almost 10 years ago as a biannual initiative of the National Federation of Community Development Credit Unions, became this year, with the 5th Latino CU Conference held in Dallas, a collaborative effort, as it was co-sponsored by the Network of Latino Credit Unions and Professionals and the Texas Credit Union League.

In addition, the program was developed by an Advisory Board that counted with the participation of representatives from leading credit union organizations: the California and Nevada Credit Union League, Coopera, the Credit Union National Association, CUNA Mutual Group, the Federation, Filene Research Institute, Latino Community CU, the National Credit Union Foundation, the Network of Latino Credit Unions and Professionals, the Texas Credit Union League, and the World Council of Credit Unions.

The Latino Credit Union Conferences are an important tool for anyone interested in the immigrant market in general and Latinos in particular and looking forward I hope that the framework of cooperation and integration that made this conference so successful grows stronger. In a final note, I thank CUNA for documenting the 5th Latino Credit Union Conference and producing this report.

In cooperation,

Pablo DeFilippi
National Federation of CDCUs
Chairman, 5th Latino Credit Union Conference Advisory Board