Heartland
Credit Union Association

Date: March 3, 2022

To: Chairwoman McGinn and Members of the Committee
Senate Local Government

From: Stephanie Mullholland
Heartland Credit Union Association

Thank you for the opportunity to express support for Senate Bill 510.

Heartland Credit Union Association (HCUA) represents 74 credit unions headquartered in the state of Kansas and the 676,615 Kansans who belong to their local credit union. Our members range from the state's smallest credit union, Norweso Credit Union located at the ag coop in St. Francis, to the state's largest, Meritrust Credit Union, which serves the employees of Spirit AeroSystems in Wichita.

Credit unions are not-for-profit coops that aim to fill the gap for low & middle-income borrowers.
As not-for-profit financial cooperatives, credit unions are committed to helping their members establish financial security and strengthening the middle class. Though credit unions are a relatively small percentage of the overall market (7.3%), they play an important role in building up neighborhoods and helping Kansans achieve homeownership. Over the past year, those efforts have included:

- 89,271 loans made to Kansans with a credit score of 640 or less so they could afford major purchases like a home;
- 38,972 small dollar loans – as an alternative to high-interest predatory loans - to help Kansans bridge a shortfall between paychecks or manage unexpected expenses;
- Free financial counseling and budgeting assistance for 64,686 Kansas families so they can establish a path toward homeownership and financial security;
- 51,153 skip-a-pays or other loan deferments made to help Kansans overcome a temporary financial hardship without having their credit score negatively impacted.

Homeownership is a key factor in strengthening families and communities.
Homeownership is an important asset for Kansans working to build and protect their financial security. To that end, credit unions do everything they can to help Kansans remain in their homes, including debt counseling and loan deferments. However, there are instances when borrowers decide they can no longer manage a mortgage payment, or where a lender is in a position that they must foreclose on a property.

In those situations, lenders already have a vested interest in maintaining the property, including protecting the condition, appearance and safety of the property. Lenders also have a vested interest in selling the property and restoring occupancy as quickly as possible. However, consumer protections exist – and should exist – to protect homeowners in the foreclosure process. Those protections dictate the speed at which a foreclosed upon property can be resold. That legal process can take 12 to 18 months.

Extra requirements and fees on lenders adds to the cost of restoring occupancy.
While vacant property ordinances have the intent to prevent blight and protect neighborhoods, placing additional requirements and fees on lenders adds to the time and costs involved in restoring occupancy to these properties.

Thank you for the opportunity to provide supportive comment. We share the goals of our local communities to strengthen neighborhoods and restore occupancy to vacant properties. We believe that non-punitive measures would better support lenders' efforts to achieve those goals.