



June 4, 2024

**Support for HB3188 - Oregon Welcome Home
House Committee on Housing and Homelessness
February 12, 2025**

Chair Marsh, Vice Chairs Anderson and Breese-Iverson and Members of the Committee, I am Larry Ellifritz, President/CEO of Consolidated Community Credit Union (CCCU). I also serve on the GoWest Credit Union Foundation Board of Directors.

Consolidated Community Credit Union (CCCU), established in 1954, is a not-for-profit, member-owned financial cooperative headquartered in Portland, Oregon. Originally serving employees of Consolidated Freightways and Daimler Trucks, CCCU has expanded its membership eligibility to include individuals who live, work, worship, own a business, or attend school in several Oregon and Washington counties, including Multnomah, Washington, Clackamas, Columbia, Hood River, Yamhill, Clark, and Skamania. We currently serve 36,000 members with branches in the Portland and Hood River areas.

The Oregon Welcome Home Program is modeled after a program in our partner state in Tucson, Arizona. As Oregon credit unions looked for ways to support the state's goals of increasing home ownership opportunities, we looked at the Tucson program as a possible model.

The Tucson Welcome Home Program is a collaborative initiative led by six credit unions to address Southern Arizona's workforce housing crisis. A grant for \$200,000 from the GoWest Foundation created a loan loss reserve that empowered the local credit unions to expand first-time homeownership opportunities in underserved communities. By providing 100% financing, eliminating down payments, and private mortgage insurance (PMI), the program removes key barriers to homeownership for low-to moderate-income families and essential workers.

Additional Points on HB3188

- Typical Mortgage Insurance covers 28% of the loan balance. In this program we have modeled the reserve amount at 5% of the loan balance. With 95% of the loan at risk, the credit unions have powerful incentives to make sure we are not making bad loans.



- The loan loss reserve fund can't be used to cover any loans except those made under the program.
- Accounting rules require credit unions to set aside specific loss reserves when making loans. The amount of this reserve is affected by factors including the loan to value ratio and whether there is mortgage insurance. Establishing a limited reserve fund as we have outlined would allow credit unions to make these loans with no down payment and no mortgage insurance without the burden of the increased reserve that such loans would ordinarily require.
- If the state simply gave selected borrowers enough to cover a 20% down payment, \$2 million would facilitate \$10 million in mortgage loans (maybe 30-40 houses). By contrast, creating the reserve fund will facilitate more than \$50 million in loans (helping over 100 families obtain homeownership), and it's "reusable." As some loans are paid down or refinanced, the reserve can be used to facilitate new loans.
- Employers in many areas of Oregon express a need for qualified workers. Many qualified workers find it difficult to obtain housing due to higher home prices and lack of ability to make a down payment. This program can help facilitate those workers being able to afford to live where they work. Getting those workers into homes they own helps decrease pressure on multi-family housing rental prices

I would be happy to answer any questions.

Sincerely,

Larry Ellifritz
President and CEO of CCC

