

September 4, 2019

To: House Financial Services Committee's Oversight and Investigations Subcommittee

From: Raymond Ardoin – Board Chairman
Brentwood Baptist Church Federal Credit Union
Houston, Texas
Phone: [REDACTED]

Re: Examining Discrimination and Other Barriers to Consumer Credit, Home Ownership, and Financial Inclusion in Texas

Good afternoon, and thank you for the opportunity to testify today on this very important subject. My name is Raymond Ardoin and I am the Board Chairman of Brentwood Baptist Church Federal Credit Union in Houston, Texas. We are a small credit union currently with 833 members which was formed in 1992 by our church, Brentwood Baptist Church, and we are a low-income designated credit union. We currently have total assets of \$1.2 million dollars. We have not entered the real estate and mortgage lending business, but we do offer automobile financing, share secured loans, signature loans and secured debit cards to our members.

Our credit union was formed to provide the availability of financial services to our church members. At that time, most members had proximity to a financial institution near their jobs, but there was no particular institutional loyalty and most members complained about cold, impersonal and insensitive way that they were treated at banks. Our credit union work diligently to provide our members with a fair and convenient place to save and borrow money. And although we do not currently handle real estate and mortgage loans, we know that the basic rules of credit extension are involved in all types of lending.

Equal access to mortgage credit for minorities remains a serious issue. The Fair Housing Act makes it unlawful to discriminate in the rental or sale of housing, or to impose different terms and conditions of a transaction based on race, color, religion, national origin and gender. To avoid mortgage discrimination, minority borrowers should shop multiple lenders. Not only will that help you find the best mortgage interest rate, but it could also identify lenders that are discriminating with higher rates, or a lack of access to credit.

If lending discrimination is suspected, the following are several other potential solutions that one should consider doing:

- First, contact the lender and enter a complaint
- Contact their state attorney general's office and report it.
- Consider retaining a local attorney

- File a complaint with the Consumer Financial Protection Bureau (CFPB) and the Department of Housing and Urban Development
- Research and read reviews in an effort to find a better lender

One should also check that their chosen lender is committed to federal anti-discrimination laws. Most good lenders announce this in the disclosures section of their website.

Fortunately, although many of the banks in the U.S. have exhibited discriminatory tendencies, many minorities are finding success with online banks, where they find the color of their skin is less of an issue.

Like many community banks, MDIs face difficulty accessing capital markets and competition from larger banks. In the aftermath of the most recent financial crisis, despite moderate improvements in earnings and capital levels, MDIs continue to struggle with compressed net earnings. In many cases, compounding MDI challenges are the effects of economic hardships on MDI customers, many of whom reside in low or moderate-income (LMI) communities.

In 2013 the Federal Reserve reaffirmed its commitment to MDIs in its Consumer Affairs Letter “Federal Reserve Resources for Minority Depository Institutions”. This letter also discusses technical assistance that is available to MDIs through the Federal Reserve’s Partnership For Progress Program, a national outreach effort to help MDIs confront unique business model challenges, cultivate safe banking practices, and compete more effectively in the marketplace.

Conclusion:

This concludes my testimony today. Thank you very much.