

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

February 5, 2024

The Honorable Patrick McHenry  
Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman McHenry:

We write to request that you immediately schedule a Committee hearing on the significant racial disparities in mortgage approval rates at the privately run Navy Federal Credit Union (NFCU), the largest credit union in the United States. This information was brought to light in a recent analysis by CNN, which revealed alarming discrepancies in approval rates between White and Black borrowers, with NFCU displaying the widest gap among major lenders.

According to the analysis, Navy Federal Credit Union, which predominantly serves military servicemembers, veterans and their families, approved over 75% of White borrowers applying for a new conventional home purchase mortgage in 2022. However, the approval rate for Black borrowers seeking the same type of loan was less than 50%, and White borrowers were still more than twice as likely to be accepted than Black borrowers even after controlling for various factors<sup>1</sup>. Though 18% of the mortgages that NFCU originates is to Black borrowers, the disparity between Black and White borrowers is the widest among the top 50 lenders in mortgage loan originations for the year. Unfortunately, Latinx borrowers were negatively impacted as well, being approved only 55.8% of the time, representing a 21.3% gap compared to White borrowers.

These findings are especially troubling considering that, while about 13.6% of the U.S. population is Black and about 17% of the military is Black, almost 25% of NFCU's membership is Black. That is why it is so disappointing that despite its disproportionately diverse membership, this credit union may have perpetuated disparities faced by Black borrowers in the financial services industry—it really should have known better.

Given the significance of this issue and its potential impact on the financial well-being of Black and Latinx borrowers, I urge you to convene a hearing to address this matter promptly. It is crucial that the CEO of Navy Federal Credit Union be called to testify to explain the substantial disparities in its mortgage approval rates, and to discuss her plan to remedy this issue among borrowers of color and strengthen Navy Federal's fair lending practices moving forward.

When Democrats were in the majority, I responded to several instances of racial disparities in the housing and financial services industry by establishing Congress' first-ever Subcommittee on Diversity and Inclusion. Under my leadership, Committee Democrats fought to combat widening wealth inequality, lending disparities, and decreasing homeownership among people of color. Over four years, the Subcommittee led groundbreaking work to expose inequities faced by communities of color, women, people with disabilities, the LGBTQ+ community, justice

<sup>1</sup>CNN's analysis was limited to what was publicly available in the Home Mortgage Disclosure Act (HMDA) dataset.

involved individuals, and more. We also led important legislation that aims to make it easier for credit unions to help consumers left behind by big banks in underserved areas and banking deserts. A public hearing on this matter will not only shed light on the practices of Navy Federal Credit Union but will also serve as an opportunity to explore potential solutions and reforms that can be implemented to ensure fair and equitable lending practices by all lenders. Addressing racial disparities in mortgage approvals is essential for promoting economic justice and more equity within our financial institutions.

As a private institution that bears the name of an esteemed branch of the United States military, Navy Federal Credit Union must explain both to Congress and its members how such practices took place, what immediate steps are being taken to correct the harm done, and who in management will be held responsible. Despite pledging to keep diversity and inclusion as an area of focus on the Committee's agenda and make it a component of every sub-panel when you disbanded the Subcommittee on Diversity and Inclusion, the Committee has yet to have a hearing focused on these issues since you stepped into leadership. We hope we can continue working together on these issues and respectfully request that you uphold your pledge and schedule a Committee hearing on racial disparities at Navy Federal Credit Union without delay.


Sincerely,



Representative Maxine Waters  
Ranking Member  
Committee on Financial  
Services



Representative Joyce Beatty  
Member of Congress



Representative Brad Sherman  
Member of Congress

Al Green  
Member of Congress  
Scion of the Enslaved  
Africans -  
Sacrificed to Make America  
Great

Stephen F. Lynch  
Member of Congress

Emanuel Cleaver, II  
Member of Congress

Bill Foster  
Member of Congress