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March 2, 2020

Chairwoman Tasha Kama  
Maui County Council, Affordable Housing Committee  
200 S High Street  
Wailuku, HI 96793

To The Honorable Tasha Kama, Chair:

Re: Biennial Review of Residential Workforce Housing Policy (AH-10)

Thank you for reaching out to the Hawaii Credit Union League to ask for further information as you are considering Maui County Code Chapter 2.96 on the Residential Workforce Housing Policy.

1. *What is the approximate number or percentage of homebuyers that use local credit unions as their mortgage lender?*

Market share of credit union mortgage lenders is not known, as information for other mortgage lenders (banks, thrift institutions, mortgage brokers, and out-of-state lenders) is not readily available. However, according to the regulator of federal credit unions (National Credit Union Administration), Maui credit unions originated the following real estate loan volumes in 2019:

Credit Union	First mortgage loans originated in 2019	Other real estate loans originated in 2019
Maui County FCU	\$ 11,974,233	\$ 2,326,461
Valley Isle Community FCU	9,171,503	103,125
Maui FCU	1,340,000	375,000
Wailuku FCU	1,929,200	8,521,747
Kahului FCU	2,340,000	913,091
Maui Teachers FCU	1,258,040	1,856,053

2. *Are there specific reasons why homebuyers would choose not to use local credit unions for mortgages?*

In a low interest rate environment like the present, many consumers prefer fixed-rate first mortgage loans so they don't have to worry about interest rates and loan payments rising. Such fixed-rate loans are generally sold on the secondary market to protect lenders against interest rate risk, so credit unions do not have much of a pricing advantage over other mortgage lenders. In addition, mortgage lending is highly regulated, so smaller credit unions often use third-parties to originate and service mortgage loans.

3. *Are there any recommendations or suggestions for increasing the use of local credit union mortgages?*

Congress is looking to restructure government-sponsored enterprises like Fannie Mae and Freddie Mac. To remain competitive in mortgage lending, credit unions nationally must continue to have equal access to selling loans on the secondary market. In addition, credit unions must have sources of liquidity such as the Federal Home Loan Bank to ensure there is always sufficient funds to lend.

Thank you for reaching out and the opportunity to share. Please feel free to contact me if you have further questions.

Sincerely,

Paula Sumimoto-Matsushima  
Governmental Affairs Director