



North Carolina
323 West Jones Street, Suite 200
Raleigh, North Carolina 27603

South Carolina
508 Hampton Street, Suite 300
Columbia, South Carolina 29201

June 4, 2021

Mr. Scott Farmer, Executive Director
North Carolina Housing Finance Agency
P.O. Box 28066
Raleigh, NC 27611-8066

Via Electronic Mail

Dear Mr. Farmer:

On behalf of North Carolina's 67 credit unions, thank you for accepting the role of managing the \$273,337,000 in the Homeowner Assistance Funds allocated by S172 and signed by Governor Cooper May 24, 2021, as appropriated by H.R. 1319, American Rescue Plan Act of 2021 (ARP) signed by President Biden March 11, 2021. Our members are confident that NCHFA is well prepared to handle this important task, given the laudable service the Agency provided to thousands of North Carolinians whose homes were threatened by foreclosure during the Great Recession that gripped our state and nation post-2008. NCHFA managed the North Carolina Foreclosure Prevention Fund in partnership with the United States Treasury from 2010-2019 and distributed more than \$623 million in relief to North Carolina homeowners.

Our member credit unions are ready to assist to ensure funds are distributed appropriately to the most-needy North Carolinians. These funds will offer a great assistance to homeowners who have incurred hardship due to the COVID-19 pandemic. Homeowners have relied upon their credit unions and banks to stay in their homes through this crisis. Our credit unions stepped up and assisted by providing forbearance and loan modifications. At the beginning of the pandemic, we surveyed our member credit unions and learned that 97 percent of North Carolina's credit unions offered mortgage loan payment extensions. In May 2021, we checked back with a handful of our larger credit unions to ask how many of those loan extensions are outstanding. We learned that almost 900 loans are in active deferral accounting for \$142,455,015 in outstanding loan balances. While not all of these loans might qualify for assistance, the need exists. The ARP funds are the first made available for mortgage assistance. We ask you to please preserve the funds for mortgage assistance and mortgage related expenses, including homeowners' dues and property taxes.

We respectfully ask you to resist suggestions to divert the funds from mortgage assistance to other purposes. We are aware that the U.S. Treasury guidelines do allow the funds to be used for many costs associated with homeownership. While these are all important expenses, other resources have already been appropriated for rent, utilities, and internet fees. Consider that since the pandemic assistance began through January 2021, North Carolina received almost \$703 million in federal emergency rental assistance. Another \$556.224 million was allocated the federal ERA2 program, which includes additional assistance for rent, rental arrears, utilities, utilities arrears, home energy costs and home energy costs arrears.

We ask NCHFA to prioritize the use of the ARP funds for mortgages, insurance costs, property taxes, and homeowner association fees which have not been covered by other relief funds. These funds, expressly intended for mortgage assistance, will fill a looming and heretofore unaddressed need as North Carolinians emerge from the economic hardships caused by the pandemic. As we've shared, financial

institutions have modified loans and provided forbearance on mortgages throughout the last 18-months. At some point though, the bills will come due and this assistance will help hard-hit North Carolinians who qualify for this assistance and prevent homelessness.

Finally, by keeping these loans current and preventing foreclosures and homelessness, this assistance will go beyond keeping loans on track. The mortgage assistance will preserve families' credit histories which will help maintain their ability to fully recover from the hardship of COVID-19. As we all know, many decisions are based on an individual's credit worthiness, including the ability to purchase a vehicle, start a small business or become a successful job candidate.

To restate the point, we ask you to please use the funds for the intended purpose – mortgage assistance, insurance, property taxes and homeowner association fees. Thank you for your consideration of these thoughts as you undertake this admirable duty. We stand ready to assist you in any appropriate way as you get to work.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Schline', with a long horizontal flourish extending to the right.

Dan Schline
President and Chief Executive Officer

cc: Will Parry-Hill, Evelyn Hawthorne