

## South Carolina Credit Union Mortgages: Not for People of Modest Means

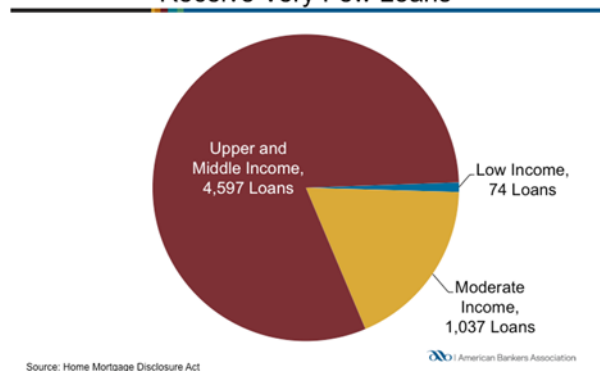
Congress granted credit unions a tax exemption so that they could meet the credit needs of people of modest means. But the evidence indicates that South Carolina credit unions are no longer focused on their original mission to serve disadvantaged members of their community. In fact, South Carolina credit unions are using their tax advantage to originate mortgages to upper-income individuals, who do not need taxpayer subsidized financial services. This clearly is a misuse of the credit union tax exemption.

### *Mortgages Originated by Credit Unions as Percent of Total*

<i>Lower Income</i>	<i>1%</i>
<i>Upper Income</i>	<i>34%</i>

*The time has come for Congress to repeal  
this outdated credit union tax exemption.*

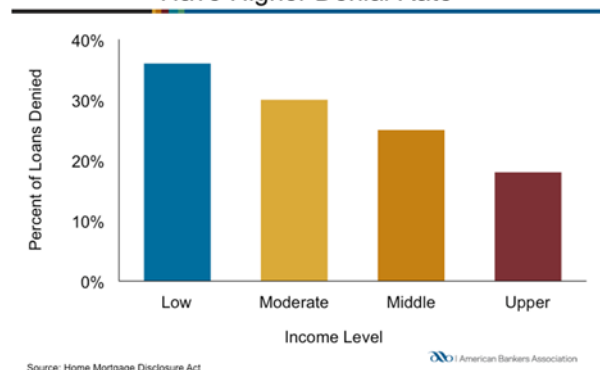
#### Low-Income Credit Union Borrowers Receive Very Few Loans



In South Carolina, only 74 mortgages originated went to low-income borrowers, compared to 4,597 mortgages originated to middle- and upper-income borrowers, according to the most recent Home Mortgage Disclosure Act (HMDA) data.<sup>1</sup>

Moreover, 125 HMDA reporting credit unions serving South Carolina did not make a single loan to a low-income individual. Furthermore, 27 credit unions only originated mortgages to upper-income individuals.

#### Low-Income Credit Union Borrowers Have Higher Denial Rate



The largest South Carolina-based credit union, Founders FCU with \$1.8 billion in assets, has abused the tax exemption granted to the credit union industry. Founders FCU originated 726 mortgages in 2014. However, only 19 of those mortgages went to low-income borrowers, whereas 130 mortgages went to upper-income borrowers.

Instead of using their tax exemption to serve people of modest means, the core mission of credit unions, this generous tax subsidy has been misdirected to benefit higher-income borrowers.

<sup>1</sup> Income designation definitions and data according to the Home Mortgage Disclosure Act records for 2014, the most recent data.