

Reuters: CUs step up loans as banks retreat

NOVI, Mich. (11/18/08)--While many big banks are cutting back on their lending amidst a weak U.S. economy and a nationwide housing downturn, many credit unions are stepping up and offering loans to fill the void, reports *Reuters*.

Generally, credit unions are smaller than commercial banks, with average U.S. assets in 2007 of \$93 million, compared with \$1.53 billion for banks, according to the Credit Union National Association (*Reuters* Nov. 16).

Most banks in the Cleveland area have imposed a freeze on lending, which has resulted in more people turning to credit unions, Rita Haynes, CEO of the \$10.5 million asset, Cleveland-based Faith Community CU, told *Reuters*.

When Jim Greenshields, a laid-off engineer with Ford Motor Company, found a job this summer, he had been in default on his mortgage since late 2007. In August, he had to relinquish his home after his proposed repayment plan was rejected by his bank because he had been in default so long.

Three months later, Community Financial Members CU, a \$415.4 million asset, Plymouth, Mich.-based credit union, offered Greenshields a car loan and a mortgage loan to buy back his former home from his old bank for \$350,000. He paid \$450,000 the first time.

Although credit unions historically are not the first place people go for an auto loan, times are changing, Cliff Rosenthal, CEO of the National Federation of Community Development Credit Unions, told *Reuters*.

While many credit union members are struggling with food and energy prices, credit unions' individual approach is helpful to members experiencing financial difficulties, *Reuters* said.

Faith Community tries to work out solutions for members with problems such as paying their mortgage, Haynes said, adding that the credit union does whatever it can to help members in its community.