



CITY HALL • 100 STATE STREET • BELOIT, WI 53511

**MINUTES
BELOIT EQUAL OPPORTUNITIES
AND HUMAN RELATIONS COMMISSION**

Wednesday, February 18, 2015 at 5:30 PM

1. Call to Order and Roll Call

The meeting was called to order at 5:47PM by Chairperson Marilyn Sloniker. Present: Commissioners Marilyn Sloniker, Mary Weaver, Joe Hansen, Mike Zoril, Councilor Sheila De Forest, and Staff Representative Teri Downing. Commissioner Steve Howland arrived at 5:53PM.

2. Approval of Minutes of the October 15, 2014 Meeting

Councilor De Forest moved for approval and Commissioner Weaver seconded. **Motion carried.**

3. Public Participation

Three members from Blackhawk Bank, Tammy Zerflew, Greg Linquist, and Francisca Amador were present and spoke about fair lending, credit counseling, and various loan programs.

Councilor De Forest asked whether there are any concerns regarding disproportionate numbers of people in protected classes receiving less mortgages, and what obstacles people may be facing when applying for mortgages. Ms. Zerflew indicated that the housing recession was not isolated to minorities and that the main issue is credit. She said specifically there are issues when people have filed bankruptcy or have a foreclosure on their credit history because this causes problems with automated underwriting, which results in requiring a higher credit score. She said a second issue is that people have difficulties with having the required amount of funds in reserve as a down payment to qualify for a mortgage. Mr. Linquist added that there is a lack of education regarding credit and budgeting among potential buyers. He said there is a misconception in the community that people can just dispute the bad items on their credit report, which will artificially raise their credit score. With new lending rules, disputed items must be resolved or undisputed so their credit report reads accurately. Mr. Linquist said the three main issues for not qualifying for a mortgage are: 1) credit issues, 2) not enough income, and 3) not enough savings. He said for refinancing the main issue is not having enough equity.

Staff asked whether they refer people to credit educational classes and if they are free. Mr. Linquist said the classes are free, that Blackhawk offers credit education classes, and also refers clients to Neighborhood Housing Services for credit counseling and home buyer education. Ms. Zerflew indicated that the type of loan product determines

whether credit education can be performed by the bank or must be conducted by a HUD approved housing counseling agency. She said that Blackhawk Bank is not a certified credit counseling agency so they need to be careful about telling people they do not qualify for a mortgage before going through the application process.

Staff said that in the most recent Analysis of Impediments to Fair Housing, the HMDA data revealed that in Rock County there is a severe lack of African American applicants compared to other races. She asked whether Blackhawk Bank is seeing any imbalance in education among African Americans regarding credit. Mr. Linqvist said that there are far less African Americans who are coming into the branch applying for mortgages compared to other races. He said he could only speculate that there is a lack of education and that there seems to be a misconception that it is extremely difficult to obtain a mortgage. Ms. Zerflew indicated that there are numerous programs and grants that can assist people with down payment expenses. She said that there needs to be more education informing people that it is okay to have bruised credit; that there is help for people work towards improving it.

Staff indicated that in the past the EOC scheduled education seminars open to the public but nobody would show up for them. She said that the EOC decided to hold Fair Housing seminars at locations where people of protected classes are already in attendance. She asked whether Blackhawk Bank would be willing to go out into the community and conduct educational seminars at places such as the Merrill Community Center, or at a location on the near west side. Ms. Zerflew said Blackhawk would be willing to participate in education out in the community. Mr. Linqvist said that although Blackhawk holds educational seminars at the bank, he can understand why people might be intimidated about coming to a bank. Ms. Zerflew added that Blackhawk Bank employees do not wear suits in order to try and make people feel more comfortable at the bank.

Commissioner Hansen said that in his experience as a real estate broker and landlord, there are people who would like to purchase a home but they have no clue how to even start. He said they do not know what questions to ask, that they need a down payment, that they need a credit score, or that they need to have a steady employment history. He said it would be great to know when the classes are so he can let people know. He said going to a class might be less intimidating than walking into a bank when someone does not even know the first question to ask. There was further discussion regarding how a person could raise their credit score.

Commissioner Howland asked how long it typically takes for someone to raise their credit score. Mr. Linqvist said that there are numerous factors in determining the score, so it varies widely from person to person. He said it will also depend on which type of loan product for which the person is trying to qualify because different loans require different scoring levels, and they have different rules regarding time passed since bankruptcy discharge.

Commissioner Howland asked what Blackhawk is doing to reach out to the Spanish speaking community in Beloit and whether the bank is seeing customers that speak any other languages besides Spanish. Francisca Amador approached the podium and

explained that Blackhawk Bank has the biggest market share in this area regarding the Latino community. She said they have bilingual staff throughout their different departments in the bank including tellers, personal bankers, mortgage lenders, and customer service representatives. She said Blackhawk has tried to make bilingual staff part of their mainstream bank.

Councilor De Forest said that people are naturally more comfortable talking to someone who looks like them. She asked what Blackhawk Bank is doing to be pro-active about trying to recruit African American applicants for employment. Ms. Zerflew said that Blackhawk's Human Resources Department may be able to answer that question better, but he does agree with Councilor De Forest that the trust almost instantaneous with their Latino customers when working with Latino staff. Councilor De Forest suggested that perhaps the local banks could pool their resources and offer training courses in order to encourage African Americans to apply for positions.

Councilor De Forest asked what the criteria are for distribution of down payment funds. Ms. Zerflew said that there are income restrictions, the customer has to have a contract to purchase a home, and funds are distributed on a first-come first-serve basis. She explained that the investor, Federal Home Loan Bank, does not allow reserving funds and that race or ethnic background cannot be considered because it would violate fair lending rules.

There was further discussion regarding the amount and average number of individual loans or grants, underwriting restrictions, debt-to-income ratios, and the different funding sources from which Blackhawk Bank their funding for down payment loans and grants. Ms. Zerflew explained that loan officers try their best to match loan products to a customer's circumstances.

Commissioner Zoril asked whether people who have limited income such as social security, disability payments, Section 8, or other public assistance can be approved for mortgages since they do not have employment. Ms. Zerflew indicated that it is discriminatory not to consider income such as those described. She explained that the income is considered just as any other income and can be grossed up to 125%. Staff indicated that Section 8 has a Homeownership Option Voucher that can be used towards purchasing a house. The Voucher works like the Housing Choice Voucher in that the participant pays 30% of their adjusted monthly income towards the house payment and the Housing Authority subsidizes the rest of the payment to the lender.

There was further discussion regarding disability payments and whether a lender could request verification of how long the payments would continue under fair lending regulations.

Chairperson Sloniker asked whether the Commission would like Blackhawk Bank to do an educational seminar opened to the public. Commissioner Weaver said she thinks that is a good idea. Discussion followed regarding the type of seminar, where, and when it should be held. Ms. Amador indicated that Blackhawk Bank has an "a la carte" type menu for educational services and that she really likes the idea of going into the neighborhoods to deliver education in order to reach more people. She said she

believes that is the most effective way to educate people on this subject. Chairperson Sloniker thanked them for coming.

4. Update Annual Strategy to Address Impediments to Fair Housing

Staff read the staff report which explained that the Commission develops and annual strategy to respond to the various impediments to fair housing and recommendations that are listed in the Analysis of Impediments to Fair Housing.

Councilor De Forest requested to layover this item in order to have adequate time to discuss the Strategy with the Commission. She said she could send out her comments via email for everyone to read ahead of time. She suggested having a meeting the third Wednesday in March.

The Commission agreed to hold a special meeting on March 18th at 5:45PM.

5. Update on RFP for Analysis of Impediments to Fair Housing

Staff explained that the EOC had previously approve spending the remaining CDBG Fair Housing funds for a consultant for development of the Analysis of Impediments to Fair Housing which is due in 2016. She informed the Commission that there will be a delay in publishing the RFP because HUD has made some changes in the requirements for this document and the requirements for Affirmatively Furthering Fair Housing. Staff will be attending a training in March in which HUD representatives will be speaking about these changes.

6. Fair Housing Month Activities

Staff explained that during Fair Housing Month of April, the City Council annually does a Fair Housing Proclamation at one of the April meetings. The City usually participates in the Fair Housing poster contest sponsored by the State, but it appears that this contest is not happening this year. She explained that last year the EOC held a mock hearing during Fair Housing Month. She asked for suggestions for Fair Housing Month activities.

Commissioner Weaver suggested a workshop or seminar. Councilor De Forest said she agreed but she would rather see the Commission take the time to plan an event that is meaningful rather than rush to have something just because it is Fair Housing Month.

Staff suggested having the Commission finalize their ideas at the meeting in March.

7. Discussion on Police Body Cameras

Commissioner Zoril requested to table this item for a future meeting.

8. Topics for Future Meetings

- a) Duties of the Commission
- b) Use of CDBG funds for testing

Staff informed the Commission that the items listed are just a reminder to the Commission that these topics will be discussed at a future meeting, but due to time constraints it was likely they would not be discussed during this meeting.

The Commissioners discussed that these items and the discussion of police body cameras will be laid over until the April meeting.

9. Commissioner Comments and Upcoming Events

Staff informed the Commission that a Jennifer Perreault was appointed to the EOC during the last City Council Meeting.

10. Next Meeting Date

Chairperson Sloniker announced the next meeting date as March 18, 2015.

11. Adjournment:

Commissioner Howland made a motion to adjourn, and Commissioner Hansen seconded. **Motion carried.** The meeting was adjourned at 6:53PM by Chairperson Sloniker.

Date approved by EOC

Teri Downing,
Director of Community and Housing Services