

There is Room at the Inn

“The Notice of Default came a month ago and we don’t know where to go. My husband lost his job at the local auto plant and I don’t make enough money to pay the mortgage and take care of our family.” This is the kind of story we are learning about all over the country; people are losing their homes, their jobs, and their vehicles, gas and food prices are soaring; everyone is at their wits’ end. What can we do about it? That was the question we asked at our de novo bank, California United Bank (CUB), in Encino, California. Encino is located in Los Angeles county one of many counties across the nation seeing increased foreclosures.

As our first step, our CRA Officer, Shawndra Rutledge, became involved with Los Angeles Neighborhood Housing Services (“LA NHS”), a local non-profit community development organization. Rutledge joined the Task Force for Homeownership Preservation led by the LA NHS. Our second step was to ascertain the needs of the community. Rutledge came back from each meeting struggling emotionally with the human suffering represented by statistics showing more than a 30.8 percent increase in foreclosures throughout the county between third and fourth quarters of 2007. In 2007, “43,146 Southern California homeowners received notices of default and in the first quarter of 2008; 7,051 notices of default were issued in Los Angeles County reflecting an increase of 314.5 % {percent}.”¹

The Bank continued to work with the Task Force², primarily by providing assistance at Homeownership Preservation Fairs, while at the same time refining its CRA Program Plan. As an element of the Plan, Rutledge presented a unique idea keenly appropriate for the times; hotel vouchers!

Rutledge asked the CRA Committee and the President of the Bank to approve a purchase of pre-paid Hotel/Motel Vouchers to be provided to LA NHS for the benefit of families who are literally showing up on the door steps of many non-profit housing assistance entities across the county with nowhere to go. The shelters are overflowing, and there is simply nowhere to sleep for the night. By providing the vouchers, LA NHS would, in turn, take on the responsibility of appropriately disbursing them to low and moderate income families in immediate need of a warm place to sleep and time to figure out what to do as they dealt with the crisis of losing their home.

Needless to say, the CRA Committee and the President of the Bank approved the program recommendation and *Room at the Inn* was born- in theory. Rutledge naively believed it would be simple to locate a local hotel/motel that would gleefully provide discounted rates knowing that their facility would receive prepaid rooms. However, finding rooms for families was next to impossible. “Many hotels and motels in the area would not provide a way for us {the Bank} to prepay unless we provided names in

¹ LA NHS Foreclosure Fact Sheet 04/29/08

² The Homeownership Preservation Task Force is made of up Regulatory Agencies, Non Profit Organizations and local and state government officials.

advance,” says Rutledge. “Many would not even return phone calls and few seemed enthused about the idea at all.” After several weeks of frustration, Rutledge decided to simply start “googling” for hotel chains that offered gift cards and compare rates. Finally, light at the end of the tunnel emerged.

The Bank purchased 12 gift cards for just under \$1000 for a chain of hotels that had over 75 locations in LA county and the cards (after complete verification) did not contain a specific person’s name so any family could use them when provided by LA NHS or an LA NHS designee organization. There was confirmed *Room at the Inn* for families in need. The rooms could house up to four (4) people and were all non-smoking. Each card provided for one night’s stay (total value of \$75.00). Since the initial approval, the Bank has approved an additional purchase of 12 more cards.

Some may ask, “Why bother with this project as it does not meet CRA regulatory requirements?” Actually, it does meet the requirements and not only is it applicable for CRA it may be considered innovative credit. Beyond the credit obtained for CRA, “CUB feels a responsibility and obligation to give back to the community. CUB wants to support those in the areas that make up the territory we serve,” said Chairman of the CRA Committee and Board of Director for CUB, Robert (Bob) Bills.

While 12 cards might seem small when the problem is so large; it is a start. CUB is small as well, but hopes to make a positive and memorable impact. The Bank has a commitment to its community which has started by providing a safe place to sleep for a few families. We challenge other institutions to step up and make the same choice.

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