

Jake Schlachter
CEO, We Own It
Madison, WI

Chris Shockley
CEO, Virginia Credit Union
Richmond, VA

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Dear Chris,

My name is Jake Schlachter. I'm the CEO of We Own It, a national organization for cooperative member-owners established in 2015. We Own It works with our partners at Filene Research Institute and hundreds of other organizations in the movement to create a cooperative, people-centered economy. I am writing today, on behalf of millions of cooperative members and not-yet-members who are facing eviction from their homes due to the COVID Depression, about what we can do as cooperative leaders.

This is an unprecedented moment of crisis in American history. With the expiration of federal unemployment benefits and the end of many eviction and foreclosure moratoriums, as many as [30 to 40 million Americans are vulnerable to eviction](#) in the coming months – with an estimated 80% of them people of color. This is an urgent racial justice, equity, and inclusion issue. We now know that the federal eviction “ban” announced at the beginning of September is only a mirage; in one study, [99% of evictions are proceeding apace despite it](#). The magnitude of human suffering and spread of disease this will cause is incalculable - and unconscionable.

Our people need help that is not coming. We've got to do it ourselves. This is how our credit unions got started in the last Great Depression, in the midst of another unprecedented market and government failure. When investor-owned banks would not lend to working people in crisis, the social movement organizers of an earlier generation came together to start their own banks.

Ninety years later, our credit unions are all grown up with \$1.7 trillion in assets, \$80 billion in revenue, and over 120 million member-owners. Though mature businesses now, our credit unions are still democratically-owned and governed by the international cooperative principles and values that include concern for community, democracy, equity, and mutual self-help. **We are the leaders we need.**

As you know, since the last economic crisis in 2008, the 5,200 credit unions across the country have (with encouragement from the regulator) accumulated an excess of reserves beyond the 7-8% required by law. Across the country, this is now a rainy day fund of member-owned capital that, in July 2020, had reached \$56 billion. This is the money that our communities need right now to keep people in their homes.

We recognize that every credit union has a different risk profile and may require a different amount of reserve. We also know that the only institution big enough to create a safety net in the long-term is the federal government. But our people are being evicted **now**. What we need is a stopgap for six months to keep people in their homes in the midst of a pandemic while we wait for a more functional response from the federal government. **Credit unions can do that.**

Together, the 1,740 credit unions with assets greater than \$100 million have retained earnings of over \$173 billion. If we act together to put 5% of this capital into emergency loans, we will create \$8.7 billion in anti-eviction relief. Putting 10% of capital into emergency loans would make this figure \$17 billion. This could be put towards the direct provision of loans as well as funding emergency loans made by smaller credit unions that lack their own large capital reserves. We can save millions of Americans, many of them children, from the life-long trauma and poverty-causing event of eviction – in the midst of a pandemic – and avert the long-term damage this would cause to our community's health, tax base, and educational system. Thanks to their heroic local credit union, our communities will be kept whole.

- Does your credit union already have an emergency loan program? Are you working with other civic organizations to keep people in their homes? [Please let us know with this form](#). We would love to be able to lift up exemplars of credit union response to this crisis, as well as connect your efforts with others.
- Would you be interested in joining a conversation among credit union leaders, convened with our partners at Filene Research Institute, exploring how credit unions can support mutual aid organizing with their members and communities in crisis?

We are asking you to begin this urgent conversation with your board, staff, and peers. We ask you to include and hear the voices of your member-owners and community stakeholders – the leaders of congregations, hospitals, food banks, nonprofits, schools, and others that speak for your people – and feel their emergency as the credit union's emergency.

As a starting point for this conversation, we've taken a look at a couple scenarios we'd like to share with you. VACU currently has net worth of \$418,829,306 for a net worth ratio of 9.8%.

- If VACU put 2.5% of its net worth into emergency loans, it could create \$10,470,733 in new loans and, even in a worst-case scenario of a 100% rate of default, still have a net worth ratio of 9.5%.
- At 5% of capital, it could create \$20,941,465 in new loans and still have a net worth ratio of 9.3%.
- At 7.5% of capital, it could create \$31,412,198 in new loans and still have a net worth ratio of 9.0%.
- At 10% of capital, it could create \$41,882,931 in new loans and still have a net worth ratio of 8.8%.

Could you live with that? We are asking you to “strive for five” percent – or more, if possible. The regulator has asked credit unions to push the envelope and take on some risk to help vulnerable people – especially marginalized communities and people of color. Is VACU taking advantage of the flexibility? Together, we can keep millions of people in their homes. Will you join other credit union leaders and show America the difference that cooperative ownership makes?

Thank you. I look forward to your reply and welcome the opportunity to discuss further. I will also keep you abreast of We Own It's efforts to engage other credit union and cooperative leaders, member-owners, and the public in this campaign.

In cooperation,

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