

*Cutting to
the Roots of a
Problem*

HarborOne
MultiCultural Center



Illustration: Fabienne Anselme Madsen

In

2007, as foreclosure rates moved toward crisis levels, HarborOne Credit Union President and CEO James Blake attended a Mortgage Summit Working Group assembled by Massachusetts Commissioner of Banks Steven Antonakes. Studying the statewide foreclosure rates, Blake was alarmed to see that HarborOne's headquarters city of Brockton had the highest.

Meeting later with HarborOne staff, he found the discussion repeatedly turning to the numbers of immigrants in trouble. Recent Brockton arrivals often spoke little English and—whether because of mistrust, poor credit, inconvenient banking hours, or lack of information—were not participants in the traditional, regu-

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Students at HarborOne Credit Union's MultiCultural Center may choose classes taught in English, Spanish, Portuguese, or French.

lated banking system. If they needed a loan, they borrowed from family and friends or from high-interest payday lenders. To send money to family back home, they used the ubiquitous Western Union, open at all hours. Lacking credit cards for making purchases, they often carried all their cash, a dangerous practice that made them walking ATMs for the unscrupulous.

Bundled Mortgages

Not long after the 2000 dot-com bust, Wall Street grew bored with familiar investments and developed a voracious appetite for “a little more risk” in the form of debt vehicles built on mortgages. As investor hunger grew, it created powerful incentives in the marketplace, and certain kinds of businesses rushed to fill the demand. Largely unregulated companies that focused on creating mortgages and distributing them began to unload bundled mortgage debt on eager investors. If borrowers defaulted, the problem was no longer the lenders’.

In Brockton, unfortunately, immigrants’ lack of English, lack of information, and unfamiliarity with banks made them appetizing targets for such lenders, whose representatives often were known to victims’ friends, spoke their language, seemed honest, and promised an easy entrée to the American Dream.¹ In addition to immigrants, many minorities and low-income residents also were vulnerable.²

HarborOne’s staff could see what was happening. But what to do? A vice president had a thought: “We’ve been providing

financial literacy for a decade. How about a multicultural center to teach people?”

The idea took flight. The center would teach whatever would move people toward the goal of financial stability. It would start with classes in English for Speakers of Other Languages (ESOL) and move students into other subjects, taught in English, Spanish, Portuguese, and French. A fine, old, vacant building that HarborOne had owned for 50 years would be reopened to house the center. Its downtown location, near ethnic businesses, a health center, and community groups, would create synergy. In time, financially educated and loyal beneficiaries of the center would become customers and

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make the initiative profitable.

Getting Started

The center opened in September 2007. In addition to a banking branch, there was a multilingual triage desk to point people to services they needed, classrooms, a computer lab, and free office space for nonprofit groups with related offerings.

The center got off to a slow start, but the credit union wasted no time reaching out to community organizations.

Outreach

Outreach was nothing new for HarborOne. A state-chartered Massachusetts credit union, it had long demonstrated leadership in Brockton in terms of complying with the Home Mortgage Disclosure Act (which addresses lending to minorities) and bringing low- and moderate-income people into the banking system.³

Fully aware of the value of having nonprofit organizations as allies, HarborOne partnered with roughly 15 community groups on outreach for the center. Reflects Senior Vice President of Community Relations Leo MacNeil, “They taught us what their constituents needed, both how they needed to be reached and what sorts of classes they needed.”⁴

Offerings

To solve the problem of immigrants being taken advantage of, HarborOne decided to address root causes like English deficiency and the demand for ESOL classes in Brockton (more than 1,700 residents on waiting lists).

The center’s students generally start with ESOL.⁵ Both the ESOL and computer literacy courses become feeders for the financial literacy classes. Going further to assist potential future customers, HarborOne offers preparation for citizenship tests, credit counseling, specialized English for specific workplaces, and more. Free workshops are offered through the Small Business Assistance Center of UMass, Boston. Meanwhile, Brandeis University has applied for a grant to study the MultiCultural Center Savings Club.

The center’s two classrooms each hold about 25 people. With world maps on the walls, students enthusiastically show where they come from and all the places they have lived. Teachers engage them in learning various ways, going at the individual’s pace and assisting with their different goals. One participant wanted only to learn to e-mail her

daughter in another state. The morale boost that the skill gave her boosted other aspects of her adjustment to a new country.

For financial education, the center uses the Federal Deposit Insurance Corporation's MoneySmart 10-module curriculum. When students have successfully completed the course, they get a personal review of their credit report and a \$500 line of credit regardless of the condition of their finances. If they manage their account well for the following year, as the majority do, the credit line is increased to \$1,000. And for those who have learned how to correct bad credit, there is Second Chance Checking.

Costs Lead to Benefits

The center turned a profit after one year. HarborOne continues to use grants where possible. It benefits from new deposits and lending relationships with program graduates—and others who appreciate what HarborOne is doing for the community. The credit union estimates that the center has received \$100,000 in free publicity and good will.

Nevertheless, only a serious commitment could have motivated the initial outlay. Since the credit union is not a 501(c)3

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charity and therefore not eligible for most grants, it must pay expenses out-of-pocket.⁶ To supplement a grant from the National Credit Union Foundation in Washington, DC, HarborOne covered the start-up costs and provided four staff members.⁷ Some costs were unexpected, such as security guards at night when classes were held.

Future Plans

This year the MultiCultural Center partnered with community-action group Self Help Inc. in hosting a Volunteer Income Tax Assistance (VITA) site. Almost 350 free tax returns were completed against a goal of 200. There also was a budgeting class for taxpayers waiting in the break room for a tax preparation volunteer. Through Self Help, the center also will offer individual development accounts for purposes like education or homeownership.

Supplementing its own services, the center provides free office space for Self Help and community groups such as South Shore Housing and Neighborhood Housing Services. From February to November 2008, NHS counseled more than 400 troubled borrowers and expects to counsel at least 900 in 2009.⁸ It offers monthly first-time home-ownership workshops in four different languages (nine workshops in 2008, with 180 attendees) and routinely holds foreclosure-prevention clinics. Additionally, Training Resources offers specialized ESOL opportunities, thanks to the Brockton Area Workforce Investment Board's recent receipt of ESOL-for-employment grants.

As students attest, the MultiCultural Center has helped them to learn skills with applicability in the workplace and at home,

and also to correct credit problems through counseling. Today they're spreading the word and hoping the offerings will continue to fill what is a growing community need.

Says CEO Blake, "The MultiCultural Banking Center is not a quick-fix solution to predatory lending issues. We view this as a long-term initiative that will provide the information and skills necessary to help residents of this area."

A recent graduate of ESOL for Employment sums up the hunger for this sort of service: "When I received the call to take this course, I only understood one word, 'school.' And so I came."

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Endnotes

¹ Brockton immigrant populations in order of size are Cape Verdeans, Portuguese, Haitians, Latinos, and more recently, Brazilians, and Asians.

² The Center doesn't turn anyone away. The majority of attendees of classes are immigrants. Neighborhood Housing Services reports that 60 percent of the residents they see are immigrants.

³ HarborOne has received five outstanding-performance ratings under the Community Reinvestment Act and has won the Massachusetts Social Responsibility Award and the Dora Maxwell Social Responsibility Recognition Award at both state and national levels. Additionally, it was instrumental in bringing the Credit for Life financial literacy fair to the local high school.

⁴ To promote the center, HarborOne also tapped ethnic media and sponsored ethnic events.

⁵ Financial Literacy is free. ESOL and Computer Literacy carry nominal fees (less than \$100) for materials. HarborOne allows installment payments, and the United Way of Greater Plymouth County offers scholarships and textbook funding.

⁶ The bank is looking into how the Pentagon Federal Credit Union created a 501(c)3 to aid veterans. If it could create a similar offshoot, it would be able to apply for more grants.

⁷ The National Credit Union Foundation provided an Innovation Grant of \$100,000 to be used in 2009 to further the center's programs.

⁸ Neighborhood Housing Services, Brockton, has requested \$1.3 million from the federal Neighborhood Stabilization program. Brockton 21st Century Economic Development Corporation (Building a Better Brockton) will parcel out any money the city gets.

