

TO:
Dietrich Kuhlmann
President and Chief Executive Officer
Navy Federal Credit Union
820 Follin Lane
Vienna, Virginia 22180

February 27, 2024

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Dear Mr. Kuhlmann:

We write to you on behalf of the African American Mayors Association (“AAMA”) and the communities that our 120 mayors represent. AAMA mayors have worked diligently – in Washington, in our respective state capitals, and in our cities – to make affordable homeownership a reality for all. We write to express our grave concerns about the findings from the December 2023 report (“CNN Report”) that Navy Federal Credit Union (“Navy Federal”) rejected half of their Black mortgage applicants in 2022 while approving 75% of white mortgage applicants – the largest disparity of any major lender in the country. This is unacceptable, and in addition to calls for Congressional hearings and investigations into Navy Federal’s mortgage business, we also believe that the fresh start that your tenure as CEO potentially represents provides an opportunity to remediate the harm done to Black borrowers and Black communities by Navy Federal’s lending practices.

As you know, the Black-White homeownership gap has always been a significant concern, and the gap today is worse than it was ten years ago. A recent National Association of Realtors report found that 44% of Black Americans owned a home in 2022 compared to 72% of White Americans – the largest Black-White homeownership rate gap in a decade.¹ This is particularly troubling because Navy Federal Credit Union’s approval disparity remains even among borrowers with similar incomes and debt-to-income ratios. Even worse, when Black borrowers earned more than twice as much at \$140,000 per year, their White counterparts at \$62,000 in earnings were still approved at higher rates. With interest rates at historic highs, having one of the nation’s largest mortgage lenders engaging in what appears to be

¹ National Association of Realtors, [More Americans Own Their Homes, but Black-White Homeownership Rate Gap is Biggest in a Decade](#), NAR Report Finds, (March 2, 2023).



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systemic discrimination against Black borrowers represents the kind of threat to Black homeownership that makes the work of Black mayors in equitable community development even more difficult than it already is.

Strong cities have strong homeowner bases, and many of the cities that we represent very likely include the borrowers that Navy Federal may have discriminated against. We call for full transparency into the root causes of the patterns described in the CNN Report, as well as a clear plan for remediating your conduct toward Black borrowers that includes key stakeholders like the country's African American mayors.

In addition to the deeply troubling findings from the CNN Report, there is an equally troubling lack of diversity on your Board of Directors and your senior leadership team. In our view, when we observe possible systematic failures like the findings from the CNN Report, there are often organizational gaps like a lack of diverse strategic and operational leadership. Therefore, any remediation plan should speak to both how Navy Federal will remediate their mortgage lending practices with Black borrowers *and* a revamp of your board and senior leadership diversity, equity, and inclusion strategy. AAMA stands ready to be a partner in that remediation work, and we welcome that opportunity.

AAMA is also in full support of Chairwoman Maxine Waters' call for a hearing that would bring you before the U.S. House Financial Services Committee to investigate the allegations that Navy Federal Credit Union discriminated against Black members seeking to purchase a home. AAMA also supports letters submitted to the Department of Housing and Urban Development and the Consumer Financial Protection Bureau by Senate Democrats and to the Navy Federal Credit Union by the Congressional Black Caucus. AAMA adds its voice to the growing chorus of stakeholders calling for transparency and dramatic reforms to Navy Federal's lending practices and their broader diversity, equity, and inclusion initiatives.



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AAMA requests and recommends the following as initial steps toward remediation:

1. We request a meeting with you and AAMA's senior leadership Mayors to help shape what remediation could look like in partnership with a truly diverse partner – both in terms of your underwriting practices as well as your board and senior executive leadership.
2. We recommend considering the creation of special purpose credit programs and interest-rate buydown funds – products that respond to both the harm done and the marketplace realities for borrowers – that target Black and Brown borrowers that are within Navy Federal's field of membership and in communities like the ones AAMA mayors serve, potentially in partnership with AAMA mayors and cities.
3. We suggest creating a standing advisory board comprised of diverse organizations like AAMA that can help to shape Navy Federal's remediation plans and its strategies for ensuring that its lending practices, its leadership, and its workforce look more like its customers and our nation's armed services.

We appreciate your attention to this important matter, and we look forward to your response.

Respectfully submitted,

Mayor Shawn Patterson-Howard
Mount Vernon, New York
President, AAMA.

Mayor Steven Reed
Montgomery, Alabama
1st Vice President, AAMA

Mayor Van Johnson
Savannah, Georgia
Board Trustee, AAMA



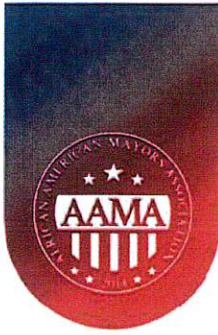
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