

Testimony of John Barkley
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Confederated Tribes of the Umatilla Indian Reservation (CTUIR)
Oversight Hearing on Predatory Lending in Indian Country
June 5, 2008

Mr. Chairman, and members of the Committee, my name is John Barkley, Jr., former Chairman of the General Council and former member of the Board of Trustees for the Confederated Tribes of the Umatilla Indian Reservation. The Confederated Tribes consist of the Cayuse, Walla Walla and Umatilla in northeast Oregon. I am currently a Training Generalist with the Council for Tribal Employment Rights, a national, non-profit organization representing over 300 Indian Tribes and Alaskan Native Villages with Tribal Employment Rights Ordinances. I am pleased to represent my home and community. As a first-time homebuyer through the *Wapayatat: Financial and Homeownership* classes orchestrated through the Umatilla Reservation Housing Authority, I will be providing testimony about my personal story and information about what my tribes are doing to combat predatory lending on our reservation.

Native American people suffer the highest rate of poverty, unemployment, high school drop out, diabetes and heart disease, and, as such, are more susceptible

to financial woes, and thereby vulnerable to predatory lending and unethical enticements resulting in exorbitant interest rates, unrealistic terms and conditions counterproductive in creating healthy communities and stable economies. At time predatory lenders are the only hope for tribal members because they have nowhere else to turn. This leaves little to nothing for savings - they essentially survive pay day to pay day, rely on social services, or hedge their meager quarterly gaming dividend.

Pay day loan venues, rent-to-own vendors, shady car dealers and credit card companies take advantage of people's lack of financial education, but through education and extensive counseling offered through the tribal financial literacy program called Wapayatat – which means 'to learn' - we were able to train nearly 400 tribal members about cleaning up their credit, improving their credit rating, assess unnecessary spending habits, and how to avoid the trappings of credit cards, late fees, interest rates exceeding 28%, and taking years to pay off maxed out credit cards. Instead they come to learn how to control their finances, to save and avoid frivolous spending, and how to buy a car or traverse the complex, overwhelming process of saving money for a down payment on a new home, selecting a home, finding a home site, seeking a competent contractor, working with an escrow agent, completing the paperwork and finally moving in your new home.

Wapayatat provides individuals the tools to understand the process and the fees attached to borrowing money from any lender. What once was minimal access to finance capital has been resolved by Wapayatat and the Individual Development Account, or IDA's.

This savings-match account served as an incentive to establish a savings account, clean up your credit, seek lower interest rates, and provide a down payment for fulfilling part of every American's dream – to own your own home. The Umatilla Saves program offered a 3-to-1 matching IDA in which we saved \$1,500 in six months and an additional \$4,500 was matched in our savings account. This enabled \$6,000 for down payment on a new home, and we continued to save beyond our obligation because of lessons learned. My wife and I worked on our tri-merge credit report and also on a personal budget and other savings for future needs.

The results of our diligent efforts was a new manufactured 3-bedroom, 2-bath home, a deck, 2 car garage, and fenced yard on one-acre of trust land on the reservation in the beautiful Blue Mountains. The good cents, energy efficient home came with energy efficient appliances. Now we continue to maintain, build and develop our place so that this investment appreciates in value. Home is where the heart is, and our new home has our heart.

Umatilla Saves, and the new Umatilla Builds program, which offers a 5-to-1 match, have been the recipient of the 2006 Harvard Honoring Nations Award and the 2007 National Association of Realtor's Award. In light of the recent mortgage crisis experienced nationwide, Wapayatat is a model and our experience a microcosm of how we can help build our Indian Nations. Empowering tribal members through financial literacy has proved to be a valuable tool in which they sense hope for stability, security, investment and for improving their living conditions and livelihoods. This sets the stage for subsequent generations. Lessons can be learned, and learning about financial literacy is where to start.

An alternative to predatory lending is to develop a Native community development financial institution that builds on the success of Wapayatat and provides additional technical, educational resources to thwart predatory lenders.

Building such capacity through collaborative partnership with federal agencies and with legislative acumen, we can attend the plethora of intricate factors inhibiting full transition from financial literacy to stable family structure, healthy communities and viable economic well-being.

It has been a privilege to speak before you this morning. Thank you Honorable Chairman, and committee members, for this opportunity and for your interest in this subject that is so critically important to many across Indian Country.

Sincerely,

John Barkley, Jr.

Member of the Confederated Tribes of the Umatilla Indian Reservation of Oregon