

NCRC Reinvestment WORKS

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NCRC Conference 2006

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NCRC Says ***"Don't Bank on Wal-Mart!"***

NCRC has been speaking out against Wal-Mart's most recent attempt to expand its reach into America's neighborhoods and become a bank. NCRC first began commenting on the issue last July, when the world's largest retailer submitted its banking application to the FDIC, and has continued to be a loud voice for communities on the issue ever since. NCRC led over 200 protesters onto the steps of the FDIC and in front of the White House in a **Don't Bank on Wal-Mart** rally in March, and then later testified at an FDIC hearing in Washington, DC in April to urge regulators to reject Wal-Mart's bank application.

Wal-Mart, a company with \$290 billion in annual sales, has become the retail corporate poster child for unscrupulous behavior. And now they would like to be a poster child for the banking industry – or at least for the industrial banks. Earlier this year, Wal-Mart took another stab at entering the world of banking by applying to the FDIC to become an industrial loan company (ILC), a special purpose bank with limited regulatory oversight. Simply to process credit card/debit transactions and electronic checks, they say. However, this is the fourth time Wal-Mart has tried to get its foot into the door of

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NCRC charges White House and FDIC in a rally against Wal-Mart entering the banking industry



NCRC Pushes Congress to Pass Strong Anti-Predatory Lending Legislation

NCRC is working with its members to push Congress to address the continuing problem of predatory lending practices by passing a strong national standard that applies to all lenders. While it appears to be a long shot this year that congress would propose a bill worthy of its support, NCRC has, according to Cong. Barney Frank (D-MA) and other members of congress "raised the bar" and "advanced the dialogue" around creating meaningful legislation.

Currently, there are only 6-7 states with strong, meaningful anti-predatory lending laws. These states have good-to-excellent terms and conditions relating to abusive fees, points, prepayment penalties, coverage, liability and more.

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Economic Justice Activism Goes Global: A View From Brussels

Brussels, Belgium, April, 2006 NCRC's two-year Global Fair Lending Initiative has met with incredible success as we have worked around the world to build an effective coalition of non-profit professionals dedicated to promoting fair and equal access to credit. This effort culminated in NCRC, and our many coalition partners, coming to Brussels, Belgium, for the first annual International Responsible Credit conference.

This seminal conference solidified the growing effort to create a worldwide collaboration around issues relating to economic justice and fair lending. With this goal in mind, NCRC has helped organize 14 national responsible

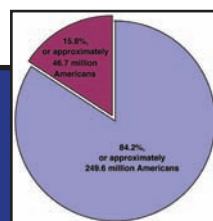
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CommunityExpress: A Great Option for St. Louis Business



NCRC

Reinvestment Works is published quarterly by the National Community Reinvestment Coalition (NCRC). NCRC seeks to increase fair access to credit and banking services and products because discrimination is illegal, unjust and detrimental to the economic growth and well being of our society.

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NCRC Succeeds in Latest CRA Regulatory Action in Keeping the Focus on Low- and Moderate-Income Borrowers and Neighborhoods

We greatly thank NCRC member organizations for commenting en masse on the proposed Question and Answers to CRA. As reported in the previous *Reinvestment Works*, the three banking agencies — Federal Deposit Insurance Corporation (FDIC), Federal Reserve Board (FRB), and Office of the Comptroller of the Currency (OCC) — proposed Questions and Answers (Q&As) in late fall of 2005 that would help implement the recent changes to the Community Reinvestment Act (CRA) regulation. The changes to the CRA regulation involve new tests for mid-size banks with assets between \$250 million to \$1 billion. In addition, the changes to the CRA regulation establish new procedures for determining CRA points for community development financing in distressed and underserved rural areas and in geographical areas recovering from natural disasters.

The agencies made some significant changes to their proposed Q&As that responded to NCRC's concerns. The agencies note that they received almost 200 comment letters. They did not note that almost all of these letters were submitted by community groups. If NCRC member organizations had not submitted most of the comment letters, the outcome would not have been nearly as favorable to low- and moderate-income communities.

The banking agencies issued their final Q&As in early March. Here are some highlights of the final Q&As:

Middle- and Upper- Income Housing: The agencies had proposed providing CRA points for middle- and upper-income housing developments in distressed areas and in areas afflicted by natural disasters. In the final Q&A, the agencies said that middle- and upper-income housing will receive little weight in a community in need of low- and moderate-income housing. This is not exactly what we wanted but is basically a favorable ruling. Most distressed rural counties will need low- and moderate-income housing; financing the building of middle- and upper-income housing will receive little weight.

Branches: The new mid-size bank test converts the investment and service test into a new community development test. NCRC's objective was to preserve as many elements as possible from the previous investment and service test in the new community development test for mid-size banks. In particular, we wanted the agencies to scrutinize the number and percent of branches in low- and moderate-income census tracts. While the agencies would not get that specific, they adopted a final Q&A stating that the "presence of branches in low- and moderate-income geographies helps to demonstrate the availability of banking services to low- and moderate-income individuals." This is better than the language in the proposed Q&A. The final language is more specific in establishing an expectation that mid-size banks should actually

place branches in low- and moderate-income census tracts.

Emphasis on Low- and Moderate-Income Borrowers and Communities:

The bank trade associations argued for removing the emphasis on low- and moderate-income communities and individuals for awarding CRA points for community development financing in designated disaster areas, and distressed and underserved communities. In fact, the opposite occurred. More references to serving low- and moderate-income borrowers and communities were added to the Q&As in response to community group concerns. For example, the Q&A regarding distressed areas now states that CRA examiners will place greater weight on community development financing that is most responsive to community needs, including the needs of low- and moderate-income individuals or neighborhoods.

On the heels of the banking agencies' final Q&As, the Office of Thrift Supervision proposed substantially equivalent Q&As that define community development and explain how community development financing will be evaluated in distressed and underserved rural areas. The comment period on the OTS' proposal ends on June 12. For more information including a memo on the final Q&As, please contact NCRC's Research Department on (202) 628-8866. ■

HEED Holds 17th Annual Fair Housing Conference

Jackson, MS – In celebration of Fair Housing Month, Housing Education & Economic Development, Inc. (HEED) kicked off its 17th Annual Fair Housing, Fair Lending Conference this April. "Our goal is to educate Mississippians about their rights under the Fair Housing Act," said Charles Harris, Executive Director of HEED and NCRC Board Member. "We want individuals to know their rights and provide them with solutions to their discrimination problems." Engaging workshops on exotic mortgages, gentrification, and HUD's mortgage assistance initiatives provided a wide range of training opportunities for fair housing counselors, while an



Left: NCRC Policy Analyst Noelle Melton celebrates Fair Housing Month with HEED in Jackson, MS. Right: Charles Harris, NCRC Board Member and Executive Director of HEED, announces new partnership with the Don't Borrow Trouble campaign.

interactive session on mortgage fraud created a dynamic dialogue between lenders, community groups, regulators, and realtors. Noelle Melton, NCRC Research & Policy Analyst, led discus-

sions on predatory lending and predatory appraisals and presented data on the lending patterns in Jackson. During the Awards Luncheon, Linda Connelly, Special Assistant to the FHEO Regional Director at U.S. Housing & Urban Development, spoke to a packed audience of advocates, housing counselors, city officials, lenders and regulators on the importance of fair lending. In a press conference held on the last day of the sessions, HEED also announced its new partnership with Freddie Mac to manage the *Don't Borrower Trouble* campaign in Mississippi. ■

National Awards Banquet

One of the highlights at NCRC's Annual Conference is the Annual Awards Banquet. Each year community leaders, elected officials and communications professionals are recognized for their contributions in economic justice. This year's Awards Banquet was hosted by Dr. Julianne Malveaux and honored the following individuals:



After receiving the Gonzalez Award, Councilmember Goode returns the favor and presents NCRC's Josh Silver and John Taylor with a City of Philadelphia resolution honoring NCRC for its strength in advocacy.

Award: Hon. Henry B. Gonzalez Award/government leader

This award is named after the late Congressman Henry B. Gonzalez (D-TX) who is known for advancing the rights of all Americans to greater fairness in our financial systems.

This award is given to a for-profit, government entity or official that forges the most effective partnerships to protect or advance the rights or economic conditions of traditionally underserved consumers.

Winner: Councilmember Wilson Goode, Jr.

Councilmember Goode, of Philadelphia, PA has been a tireless advocate on behalf of Philadelphia residents advocating for basic banking services in the city. The Councilmember has most recently introduced into a law, which was passed by the City Council, ensuring that banks with city deposits adhere to CRA.

Award: James Rouse Award/urban non-profit

This award goes to an urban non-profit organization that has made the most outstanding contributions to economic justice and community development. Named for the creator of New York's South Street Seaport, Boston's Quincy Market and the planned community of Columbia Maryland, this award reflects the long devotion of its namesake to the cause of urban revitalization.

Winner: Roberto Barragan, Valley Economic Development Center

Under Roberto's leadership the Valley Economic Development Center has become a prominent community lender to small businesses in the Los Angeles San Fernando Valley. This region is predominantly minority and low income, and until recently had to turn to check cashers and had only one bank branch in this community of 80,000+ people. Thanks to the Valley Economic Development Center, Wells Fargo has opened a second bank branch for residents of this community.

In addition, the Valley Economic Development Center has exposed check casher's targeting of Latinos and low income people in the region. Thanks to their work there is a pending city ordinance placing a moratorium on check cashers and payday lenders and sponsorship of a new community development credit union in the area.



Top Row (L to R): NCRC Board member Gene Ortega, NCRC President and CEO John Taylor, Rouse Award Recipient Roberto Barragan, NCRC Chair Irv Henderson, Economist Julianne Malveaux; Bottom Row: NCRC Board member Pete Garcia

Award: Color of Money

This award is presented to the best documentary news reporting, book or public information campaign that contributes to the public's understanding of the need for greater fairness and opportunity in the US financial systems. This award, named after the 1989 Pulitzer Prize winning articles by reporter Bill Dedman who blew the lid off discriminatory lending patterns in Georgia.

Winner: Ed Rosenstein, Eyepop Productions

Ed's documentary, *Waging A Living*, a production of public policy productions, inc. in association with channel 13/WNET New York (PBS station) highlights the more than 30 million Americans (that is 1 in 4 workers) who are stuck in jobs that pay less than the federal poverty level for a family of four. This production chronicles the day to day lives of four low-wage earners struggling to make work pay their bills. The individuals featured are a certified nursing assistant in New Jersey; a security guard in San Francisco; a waitress in southern New Jersey and a working college student. ■



Producer Ed Rosenstein has produced numerous documentaries; *Waging a Living* being the first to deal with the working poor.

NCRC

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NCRC Says *“Don’t Bank on Wal-Mart!”* continued from p. 1

commercial finance. Unlike other banks, ILCs fly under the radar of federal regulating agencies and are exempt from rigorous regulatory oversight procedures, including safety and soundness examinations that ensure tax-payer deposits are not endangered.

Passed by Congress in 1977, the Community Reinvestment Act (CRA) states that banks have “continuing and affirmative obligations to help meet the credit needs of the local communities in which they are chartered.” For special purpose banks, such as industrial loan companies, this might mean affordable housing loans, low-income housing tax credits, or investments in organizations that finance small businesses. However, to avoid these solemn legal responsibilities to communities, Wal-Mart originally requested to be exempt, or rather opt out, of its CRA obligations.

During NCRC’s Annual Conference in March in Washington, DC over 200 NCRC members and partners participated in a rally in front of the FDIC and the White House protesting Wal-Mart’s ILC application. While Wal-Mart has since decided to abide by CRA, it is doing so only after response to widespread media coverage of NCRC’s rally against their exemption request. Its grudging acceptance of CRA now suggests that Wal-Mart would try to engage in only minimum levels of compliance and reinvestment. It also bespeaks to the lack of understanding, the lack of culture that community banks, intermediate size banks and even big banks understand about community reinvestment. Rather than accepting its obligations to meet the credit needs of all the communities it reaches, Wal-Mart initially promised to “serve the needs of the unbanked and underbanked residents of the Salt Lake City MSA by participating in financial education programs.”

“It’s ludicrous for the world’s largest retailer, applying to get a banking charter, to try to limit its community reinvestment duties to a single county in Utah,” says Mathew Lee, Executive Director of Inner City Press/ Fair Finance Watch. “While to some degree Wal-Mart’s bogus CRA plan is part of a larger story about the loopholes in Community Reinvestment Act enforcement, including kid-gloves treat-



AFL-CIO Executive Vice President Linda Chavez speaks out against Wal-Mart at NCRC rally.



NCRC activists hold banner in front of the White House to protest Wal-Mart’s bank application.

ment of Industrial Loan Companies ... Wal-Mart’s many claims about its application and potential benefits (in) its late-filed March 31, 2006 CRA Plan is laughable. Wal-Mart’s applications should be denied.”

In April, President & CEO, John Taylor, and other NCRC members testified at an FDIC hearing and urged the regulators to consider Wal-Mart’s character when considering to reject its application to become a bank. “From its poor treatment of employees to its predatory pricing tactics, Wal-Mart consistently undermines communities and should not be rewarded for it,” wrote Taylor. He also noted the diverse group of Wal-Mart opponents who shared a similar concern for their communities. “It’s rare you get a group of community bankers, Alan Greenspan, NCRC, ACORN, Phil Gramm’s ex-chief of staff, this broad array of people from all segments of the community standing up saying, it’s a bad idea...”

NCRC and others believe that an ILC of Wal-Mart’s size would pose significant threats to low- and moderate-income communities, small businesses, community banks, American taxpayers and the U.S. banking system. There’s no evidence that a company with Wal-Mart’s illicit character would promote community reinvestment or economic development through their CRA outreach. By combining commerce and banking, the impartiality of the bank is usually compromised in favor of its commercial affiliate and in this case, especially, that could lead to an unhealthy and dangerous combination.

NCRC believes that Wal-Mart has little intention to have simply a limited bank charter. Rather, since it has tried on four other occasions, the intent is to become a full fledged bank. Given their business model which drives competitors out of the market, it will be bad news for traditionally underserved people. Other opponents of Wal-Mart

agree. Of the 56 testimonies made before the FDIC, 47 concluded that Wal-Mart should not be trusted with a banking charter. The issue has also drawn 4,000 written comments from the public, the largest number of comments ever recorded for a bank application.

NCRC is proud of the progress it has made so far to protect vulnerable communities and remains committed to being a loud and active voice in opposing Wal-Mart Bank. ■



“Don’t Bank on Wal-Mart” protesters crowd downtown Washington, DC on their way to the FDIC.

NCRC Congressional Luncheon

Just blocks away from the official conference hotel, this year's Congressional Luncheon was held at the Rayburn House Office Building on Capital Hill. Packed with NCRC conference participants straight from the **Just Say NO to Wal-Bank** rally, activists enjoyed a boxed lunch and words of praise from Congressional representatives and the director of the Office of Thrift Supervision (OTS).

Despite Congress being on Spring Break, The Honorable Elijah Cummings (MD – 7th District), retiring Maryland U.S. Senator Paul Sarbanes and Mr. John Reich, Director of the OTS, spoke to NCRC members and guests about the state of community reinvestment on a national and federal level. CRA, HMDA and Katrina were all top issues of the day as each speaker relayed his particular vision of the current state of affairs and what they would like to see in the future.

Director Reich started the luncheon with a welcome to the group he knows so well. As a member of the Board of Directors of the Federal Deposit Insurance (FDIC), and after having served a brief stint as the Acting Chairman of the FDIC, Reich was quite comfortable with the issues that NCRC rally behind, affordable housing and CRA. The Gulf Region is still in the throes of re-construction and revitalization as the states hardest hit try to re-build. Reich agreed that affordable housing is at the core of long-term recovery and expressed concern that many of the local bank branches are still closed. Since financial institutions around the country receive additional CRA credit by helping the Gulf Coast, Louisiana banks are at a great disadvantage since most of the low- to moderate income communities they served are no longer in existence. Even though the short-term outlook for the financial institutions all look good — deposits are up, not too many loan losses — these reports are counter intuitive to the real situation in New Orleans and other places hit by the Hurricanes.

“...it defied anything I’ve ever seen in my life,” Reich said in regards to his most recent visit to New Orleans. Commenting on the bumper-to-bumper traffic leaving the city, Reich relayed that there is still very little housing to support the existing workforce and that most construction workers currently stay in Baton Rouge nearly two hours away.

During the question and answer period, NCRC President and CEO John Taylor questioned Reich on the OTS position of different standards the three agencies have on some CRA modifications. Questioning how the revised CRA standard is working in the field, Reich hinted to a decision that would see development only a few weeks later: the OTS adoption of the same community development definition as the FDIC, OCC and the Federal Reserve Board. Reich’s belief is that “...the fundamental principles of all four regulators should be on the same page.”

A strong advocate for CRA, The Honorable Paul



(Above) OTS director John Reich addresses NCRC conference participants during lunch at the Rayburn House Office Building. (Left) National Community Reinvestment Award Recipient, Senator Paul Sarbanes, greets The Honorable Elijah Cummings on his way to the podium at the NCRC Congressional Luncheon.

Sarbanes also took the podium during the Congressional Luncheon. Having announced his retirement in March 2005, Sarbanes was an appropriate recipient of the NCRC Lifetime Achievement Award, which he accepted with grace. “I feel privileged to fight side by side (with NCRC) on behalf of CRA, HMDA and other credit initiatives.” Sarbanes said about his working relationship with NCRC. In between his crediting NCRC with forming the Home Mortgage Disclosure Act (HMDA) and applauding the Minimum Value HUD complaint, Sarbanes words turned somber when discussing CRA. “CRA remains under attack... Everyday I come to work and I try to keep bad things from happening.”

After serving five unprecedented terms in the U.S. Senate, Senator Sarbanes will sorely be missed. But in commenting on his most recent accomplishments, Sarbanes had this to say with a smile and a cheer: “In Maryland, at least Wal-Mart has to pay health benefits for their employees.”

“If we did not have your organization in existence, we’d have to create you,” is how the Honorable Elijah Cummings started off his speech during the luncheon. The energetic and compassionate Cummings focused on what he would like to see for the future. “We’ve got to get back to doing,” he said when stating that community organizations and activists need to expand who they look to for support and venture out from the usual comfort zones. Cummings said he would like to hear activists dedicated to economic justice ask: “Who do I need to see so I can get some company on your side?”

Cummings also turned grave when discussing Katrina, “As my friend (U.S. Senator) Barack Obama said we’ve got an ‘empathy deficit’.”

The luncheon ended with NCRC delegates reporting the outcomes of their meetings with congressional staffers. NCRC members peppered the Hill with grassroots questions concentrating on economic justice. Some of the issues raised were predatory lending, shutting down the bank and payday lender connection, low cost remittances to migrant farm workers and opposition to Wal-Mart entering the banking industry. ■

NCRC Files Five Discrimination Complaints Against Home Mortgage Lenders

Redlining Challenged Across the Country

On March 16, 2006, NCRC filed five civil rights complaints to the United States Department of Housing and Urban Development against national mortgage lenders as part of a comprehensive investigation documenting redlining and lending discrimination in violation of the Federal Fair Housing Act.

The companies named in the individual complaints are:

1. **Fieldstone Investment Company** and its subsidiary Fieldstone Mortgage Company, nationwide retail and wholesale lenders based in Columbia and Baltimore, Maryland.
2. **Novastar Financial Inc.** and its subsidiary Novastar Mortgage Inc, nationwide retail and wholesale lenders based in Kansas City, Missouri.
3. **South Star Funding**, a nationwide wholesale lender based in Atlanta, Georgia.
4. **EquiFirst Corporation**, and its affiliates, Regions Financial Corporation, Regions Bank, Regions Mortgage and EFC Holdings Corporation nationwide retail and wholesale lenders based in Charlotte, North Carolina and Birmingham Alabama.
5. **Gelt Financial Corporation**, a/k/a Gelt Holdings, Inc., based in Southampton, Pennsylvania and lending in that state, New Jersey, Delaware, Maryland and Florida.

Today’s filing exposes a national problem of underwriting practices through the use of minimum property values and loan values to redline low to moderate income communities and/or exclude row houses that are situated in African American or Latino communities.

“These companies are denying the dream of homeownership to countless working families,” stated John Taylor, President & CEO of NCRC. “NCRC calls upon the United States Department of Housing and Urban Development Office of Fair Housing & Equal Opportunity to stop this blatantly discriminatory policy and ensure equal access to credit for all Americans.” According to the 2000 Census, the practice excludes loans for up to 25% of homes in metropolitan areas, and has even a greater impact in rural areas.

John Relman, Esq., counsel for NCRC on these filings, noted that “...The policies serve no justifiable business purpose and further limits access to communities that are already underserved.”

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NCRC Documents Credit Gaps for the City of Cincinnati

Cincinnati is a mid-west town known for its Cincinnati Reds, its famous chili, and as the birthplace of professional baseball. A new NCRC report, however, concludes that not all is well in the Queen City. Access to lending and wealth building opportunities remains unequal.

In May of 2006, NCRC released *Closing the Credit Gap and Expanding the Credit Opportunity: the CRA and Fair Lending Performance of Financial Institutions in Cincinnati*. Among its chief findings are that African-Americans received a disproportionately greater amount of subprime (high-cost) loans than did whites in the City of Cincinnati in 2004. For example, only 9.6 percent of all home loans to whites were subprime, whereas 33.2 percent of loans to African-Americans were subprime. Data on loan denials showed that African-Americans were nearly twice as likely as whites to be denied for a home loan. The accompanying map also shows that relatively few prime or market rate loans are issued in minority neighborhoods compared to predominantly white neighborhoods in the Queen City.

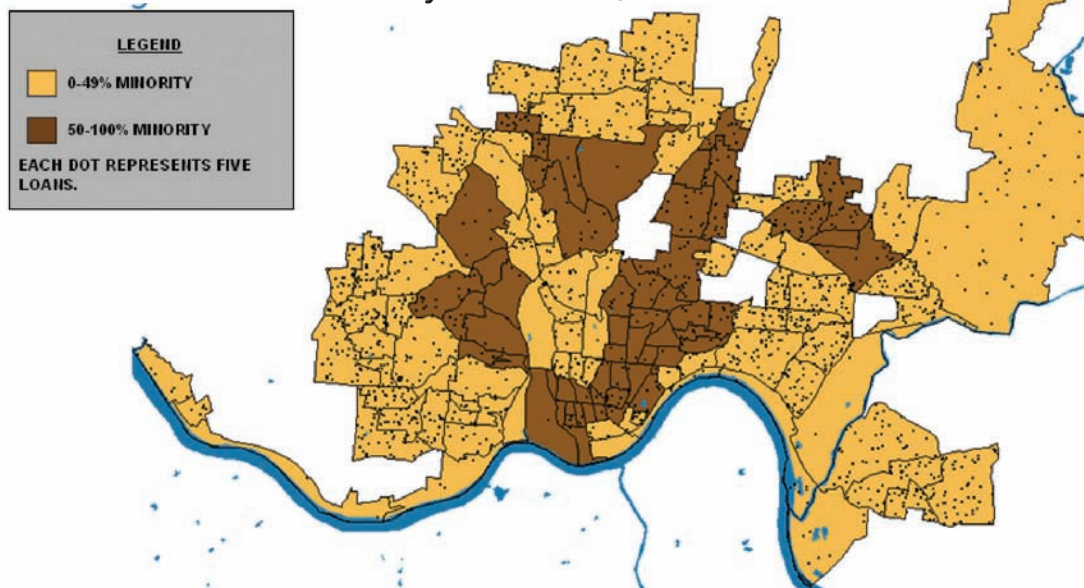
The 215-page report, commissioned by the City of Cincinnati and available at www.ncrc.org, examined three types of data: 2004 Home Mortgage Disclosure Act (HMDA) data, CRA small business data, and bank branch location data from the FDIC. Two geographies were examined: the City of Cincinnati and Suburban Cincinnati. The report first looks at home lending and small business lending overall as well as branching patterns. It then ranks Cincinnati's largest lenders on a series of indicators which measure their capacity to serve minority, women, and low- and moderate-income (LMI) borrowers on both home and small business lending. Along with NCRC's report for Philadelphia, this study is the latest in a series

of reports commissioned by large US cities to examine the performance of their largest depositories and lenders.

Among its other findings, the report showed that even moderate-income households (regardless of their race) received a disproportionately high portion of subprime loans. That is, while moderate-income households comprised 19.1 percent of all households in the City of Cincinnati, they received 40 percent of subprime loans made in 2004, a ratio of 2.1. In contrast, upper-income households comprised 30 percent of the City's households but received only 11.4 percent of subprime loans, a ratio of 0.38. Small business lending trends also reflected credit gaps. For example, 31.6 percent of the city's small businesses were located in minority tracts, but they received only 25.7 percent of the small business loans. Finally, the report showed that although 51 percent of the City's population lived in LMI census tracts, only 28.3 percent of bank branches were located in these tracts. The report recommended that the City of Cincinnati leverage its relationships with major lenders to locate bank branches in LMI and minority neighborhoods.

A number of Cincinnati's largest lenders were also interviewed by NCRC staff and NCRC Board Member Morris Williams as part of the study to determine their effectiveness in serving the City's borrowers. Many of these lenders mentioned specially-designed affordable home and small business loan products, which are summarized in the report. While these lenders are making commendable efforts, a significant gap still must be closed in order to substantially expand credit opportunities to women, minorities, and low- and moderate-income borrowers. For more information, please contact NCRC Research Analyst Tim Westrich on (202) 628-8866. ■

**Prime Home Loans by Minority Level of Census Tract
City of Cincinnati, 2004**



Progress, But Still Persistent Lending Inequalities in Philadelphia

NCRC's second comprehensive analysis of home lending, small business lending, and branching patterns for the City of Philadelphia revealed Satisfactory but not Outstanding CRA and fair lending performance of the banks receiving City deposits. The City's program of requiring CRA goal statements from banks receiving City deposits (depositories) has boosted their performance in making home loans available to working class and minority communities. The depositories, however, need to improve their performance in small business lending and making branches available to working class and minority communities.

Overall, lending inequalities remain pronounced in the City and suburbs of Philadelphia. In the City, 32.3 percent of home loans made to African-Americans were high cost or subprime while just 15 percent of the loans to Whites were subprime during 2004. Just as with the subprime lending trends in Cincinnati (see accompanying story), minority neighborhoods in Philadelphia also received relatively few prime loans as can be seen in the accompanying map. Disparities also remained persistent in the suburbs. Almost 13 percent and 6.8 percent of the loans in the suburbs issued to Hispanics and whites, respectively, were subprime.

Communities of color experienced unequal access to small business lending. About 45 percent of the City's small business was located in minority neighborhoods, but they received just 33 percent of the loans (a similar inequality confronted businesses located in low-income neighborhoods). Contributing to the unequal access to lending was a disproportionately low portion of bank branches in minority neighborhoods. Minority census tracts constituted about half of the tracts in the City, but only 22.5 percent of bank branches were located in these tracts.

The depositories performed well in home purchase lending. More than half of the depositories exceeded the performance of other financial institutions in the City on 14 of the 15 fair lending indicators or 93 percent of the time in home purchase lending during 2004. This was a significant improvement from depository performance during 2003. Depository performance was commendable since home purchase lending is the primary or only means of wealth building for most Americans.

In contrast, the depositories did not improve their mediocre performance in small business lend-

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Minority Business Center Hosts Targeted Events, Changes Leadership

The Washington Metro Minority Business Development Center (DCMBDC), operated by NCRC, has begun its 2006 series of business training events targeted to specific groups of minority business enterprises (MBEs).

The first event of the year focused on joint ventures and was dubbed “Certification Made Simple.” In the District of Columbia, numerous disadvantaged companies, already certified by the District under its LSDBE (Local, Small and Disadvantaged Business Enterprise) program, pair up with larger, often majority-owned firms to secure local government contracts. But to bid on such contracts, their partnership must be approved and certified by the District government – frequently an arduous process. The MBDC’s forum was designed to educate participants on structuring their joint ventures appropriately and

compiling the necessary paperwork to meet the District’s guidelines. A panel of local experts, representing two construction companies and two quasi-governmental entities, advised participants on important steps and responded to audience questions. A guest speaker from Ameriprise Financial (formerly American Express Financial Corporation), which sponsored the event, supplemented the panel and also engaged the audience in dialog.

The next DCMBDC event, sponsored by Wachovia Bank to celebrate Minority Enterprise Development Day, will be in late May and will focus on Strategies for Business Growth. The content is to be delivered by two panels, each featuring an entrepreneur who has grown his or her business, a professional service provider and a finance expert who will discuss appropriate financial structures to

implement particular growth strategies. The first session will focus on “Organic Growth,” highlighting approaches to grow one’s business in “traditional” ways, including streamlined operations, marketing improvements, procurement of contracts and access to capital. Following a brief networking period, the second panel will cover “Growth through Acquisition” and will be led by an entrepreneur and business advisors experienced in executing successful growth strategies by acquiring other companies.

During the summer, DCMBDC will sponsor a session accenting procurement opportunities that call for Radio Frequency Identification (RFID), a rapidly growing technology that is an element of numerous federal contracts. Used for years to track endangered animals’ movements, the technique is now applied in a multitude

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NCRC Pushes Congress to Pass Strong Anti-Predatory Lending Legislation *continued from p. 1*

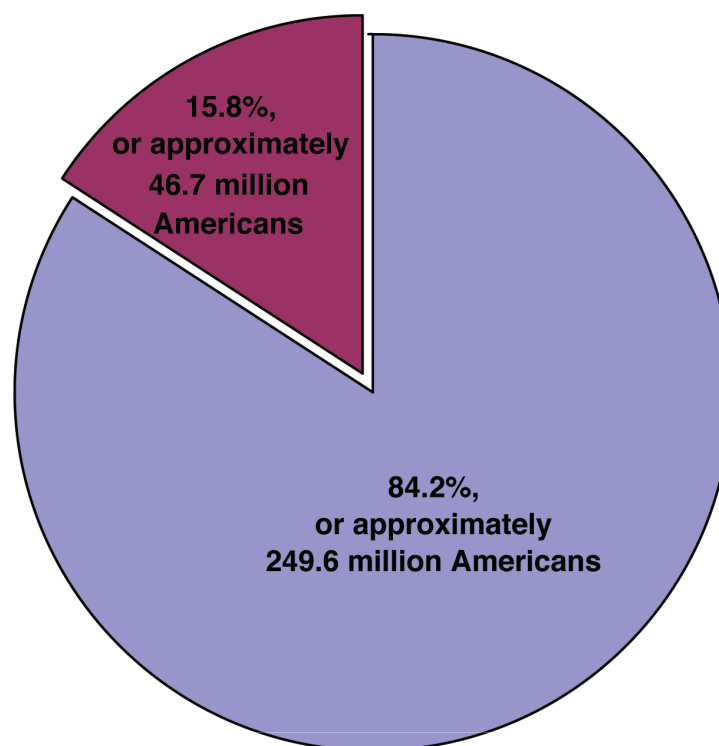
However, this leaves over 249,000,000 Americans with either little or no protection from predatory lending practices. NCRC is appreciative of its many members who have worked so hard to pass legislation in those states with strong protections, but it appears that our local success has come to a near halt, with no new state law in 2006 and only one in 2005. While some success may come down the road, clearly most states will never have any protections that are worth very much.

Even in those few states with strong anti-predatory laws, banks are exempt from their coverage. While NCRC has joined NY Attorney General Eliot Spitzer in suing the OCC over this matter, the courts have not sided with our position. Only a federal standard, ideally as strong as the best state standard, will bring the kind of protections needed by the most vulnerable in our communities. A federal anti-predatory lending standard would apply to every state and every lender, so there would be nowhere to hide for predatory lenders.

We remain totally committed to eradicating predatory practices from the financial services landscape and we recognize the necessity of having strong, meaningful legislation on the federal level. We will continue to support our member’s efforts on a local level to pass such legislation, while also pushing for a federal standard. We have made clear our support for the Miller-Watt-Frank anti-predatory lending bill proposed earlier in this congress and we will work to support any other similarly strong bill that brings comprehensive protections to our constituencies.

We greatly appreciate the help of our members and others in this imperative. ■

For more information on NCRC’s legislative and regulatory agenda, contact Monica Gonzales, VP for Legislative/Regulatory issues at 202-628-8866 or via email at mgonzales@ncrc.org.



■ % of Americans unprotected by strong state laws

■ % of Americans protected by strong state laws

NCRC Conference 2006







On March 23rd, NCRC held its very first NCRC Jeopardy Game at the Hyatt on Capital Hill during the 2006 NCRC National conference. Six contestants in two back-to-back games battled through questions on fair lending, banks, CRA and other economic justice topics for the chance to square off in NCRC Final Jeopardy. The grand prize was an all expense paid trip (which included: roundtrip airfare, hotel accommodations and free conference registration) to Brussels, Belgium for the NCRC sponsored *Responsible Lending in an Uncertain Age* conference.

We would like to thank our contestants:

Albertine Dent, School Board Member

School City of Hammond

Tony Lentych, Executive Director

Community Economic Development Association of Michigan

Patrice Robinson, Financial Education Coordinator

Bethel New Life, Inc. Community Savings Center

Rick Schloemer, Resource Development Director

Scott County Housing Council

Rose Sura, Executive Director

hbc services, inc

NCRC Jeopardy Champion:

Reverend Charles Malloy, Executive Director

Community Development Corporation of Marlboro County

And a special congratulations to **Todd Clausen**, Data Center Project Manager of the Nonprofit Center of Milwaukee, Inc for winning the special NCRC Jeopardy audience prize: a second trip to Brussels, Belgium for the *Responsible Lending in an Uncertain Age* Conference! ■



Top photo (L to R): Rose Sura, Rick Schloemer, and Tony Lentych.
Bottom photo (L to R): Albertine Dent, Reverend Charles Malloy, and Patrice Robinson.

A Look Into the NCRC Jeopardy Winner: Reverend Charles Malloy

Reverend Charles Malloy, Executive Director of the Community Development Corporation of Marlboro County, is the first NCRC Jeopardy Champion. Never losing his humor or witty comments during the NCRC Jeopardy game or during NCRC Final Jeopardy, Reverend Malloy answered question after question, dazzling the audience with his knowledge of economic justice history and the current state of affairs on domestic and global fronts.

As the NCRC Jeopardy winner, Reverend Malloy was to receive an all expense paid trip to Brussels, Belgium for the NCRC sponsored conference “Responsible Lending in an Uncertain Age.” However, he was unable to attend due to a scheduling conflict, but graciously gave the grand prize to his NCRC Final Jeopardy challenger Tony Lentych.

As the Executive Director of the Marlboro County CDC in Bennettsville, South Carolina, it’s no wonder that Reverend Malloy was too busy to attend the conference in Belgium. The Marlboro County CDC is the sole self-help organization of its kind in the city of Bennettsville. The CDC primarily assists with housing needs and economic development issues of Marlboro County residents by helping potential homeowners with closing costs and down payments. “Today we are in a position to offer close to \$20,000 to first time home buyers,” says Reverend Malloy. “When you take in consideration that the average wage is \$9.25 an hour, down payment assistant is critical for most families trying to qualify for affordable housing.”

The CDC also offers help with credit challenges by providing financial literacy and personal budget assistance. With a staff of nine, the Marlboro County CDC relies heavily on the help of four full time AmeriCorps*VISTA volunteers and fourteen summer associates who work on programs ranging from asset mapping to mentoring to youth development skills.

“This organization would not have survived, and continue to survive, if not for the volunteers who donate their time in the operation of the CDC,” said Reverend Malloy. “Everyday we try to find young people so the life of the organization will definitely succeed after us.”

And the organization is much needed in Marlboro County. In addition to helping people get into their homes, the CDC also runs a housing rehabilitation program. Recently, they rehabbed 13 homes in the area, but with over 200 houses still in need of rehabbing, their work is not done.

After retiring from the U.S. Air Force with 21 1/2 years under his belt, Reverend Malloy went on to graduate from Livingston College in Salisbury,



North Carolina with a degree in sociology and a concentration in social work. Always deeply connected to the needs of the community, Reverend Malloy ran a five-year pilot program called Healthy Start Teen Life Center for the Marlboro County Public Services Department which focused on pregnancy prevention and providing positive role models for teenagers. Considering his dedication to the community, it was no surprise when four years ago House Representative Douglas Jennings, South Carolina State Legislature, and Bernie Mazycks, President and CEO of South Carolina Association of CDC’s, approached Reverend Malloy to be the Executive Director of the newly created Marlboro County CDC. The organization has been thriving under his leadership ever since.

His work with the community does not stop when he leaves his office at the Marlboro County CDC. Always one to stay deeply connected to his religious foundation, Reverend Malloy is a pastor at the Robinson African Methodist Episcopal Zion Church in Cheraw, South Carolina, where he also serves as the Chairman of the Social Concern and Action Committee. This Church based group is committed to tracking social issues, educating the congregation on the issues and designing action plans to combat the problem in the community. Married with two children and two grandchildren, Reverend Malloy strives to carve out solid futures for the youth and families he serves to create of a better Marlboro County. With an eye on the future, he says: “everyday, we are trying to grow our replacements.” ■

NCRC, PRRAC, and The Opportunity Agenda Release New Report “Homeownership and Wealth Impeded”

During fair housing month in April, NCRC collaborated with The Opportunity Agenda and the Poverty and Race Research Action Council (PRRAC) to release a joint study entitled *Homeownership and Wealth Building Impeded: Continuing Lending Disparities for Minorities and Emerging Obstacles for Middle-Income and Female Borrowers of all Races*. The study reveals that home loan lending inequities transcend not only, racial and gender lines, but the ethnic make-up of neighborhoods as well.

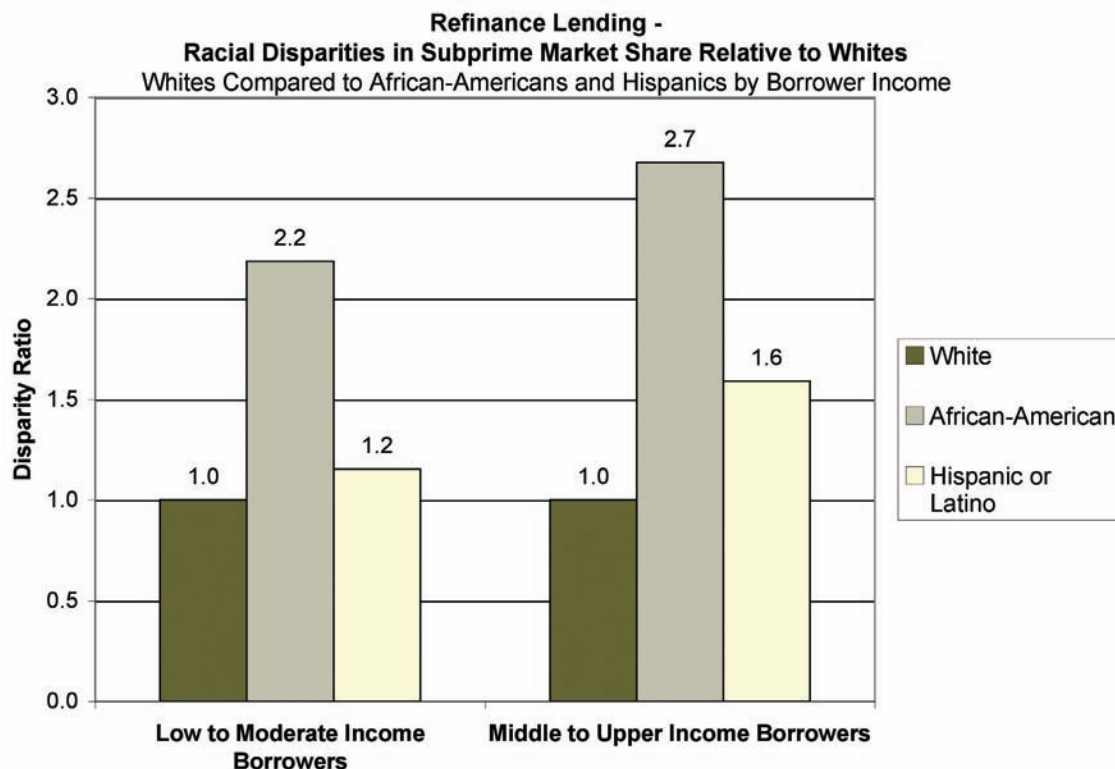
John Taylor, President and CEO of NCRC states that this report shows that “regardless of how much money you make, if you are a person of color or a woman, then odds are you are receiving a high cost loan. That makes it difficult to keep your home, manage your bills and to build inheritable wealth in this country.”

Based on the new 2004 Home Mortgage Disclosure Act (HMDA) data, NCRC found that minorities and immigrants receive strikingly high numbers of high cost — or subprime — loans despite their economic status. Only 8.3 percent of the home purchase loans to middle- and upper-income borrowers in white neighborhoods were subprime. In contrast, 13.6 percent of the loans were subprime to the same income group in immigrant neighborhoods.

Markedly, women — regardless of ethnic or racial make-up — received 32.1 percent of all subprime loans even though females comprised only 29 percent of the nation’s households. In contrast, women received only 24 percent of the prime home purchase loans.

Racial disparities in the share of borrowers receiving subprime loans were greater for upper-income borrowers than lower-income borrowers. Subprime loans made up a high 41.9 percent of all refinance loans to low- and moderate-income (LMI) African-Americans, but just 19.2 percent of the loans to LMI whites in 2004. LMI African-Americans were 2.2 times more likely than LMI whites to receive subprime loans. Even for middle- and upper-income (MUI) African-Americans, subprime loans made up a large percentage (30.2 percent) of all refinance loans. Moreover, the subprime share of loans to MUI African-Americans was 2.7 times larger than the subprime share of loans to MUI whites.

As part of the press conference releasing the report, NCRC member Gustavo Torres, the Executive Director of Casa of Maryland, discussed how the report confirmed the difficulties that recent immigrants face in advancing economically and achieving fair access to credit. Montgomery County Councilmember Tom Perez talked about how discrimination is often practiced with a smile, meaning that borrowers from underserved communities are so grateful to receive a loan that they do not realize that the interest rate of the loan is higher than it should be. NCRC is strongly supporting Councilmember Perez’s anti-discrimination law against attempts to repeal or seriously weaken the law.



The report concluded that the abilities of a broad segment of the American population to build wealth through homeownership are impeded by the prevalence of high cost lending that drains homeowner equity. Indeed, building wealth through homeownership has been the American Dream and the path to opportunity for

Americans for generations. Stakeholders need to come together to make sure that wealth-building opportunities are preserved by increasing equal access and fairness in the lending marketplace.

For more information about the report, please contact the NCRC Research Department at (202) 628-8866. ■

NCRC Files Five Discrimination Complaints Against Home Mortgage Lenders continued from p. 5

NCRC’s investigation included fair lending testing, review of the respondents Home Mortgage Disclosure Act (HMDA) Data, analysis of Census and residential property data, and a review of each companies’ underwriting practices. These companies have instituted a discriminatory minimum value policy of denying home equity loans to applicants whose homes are valued at less than \$100,000. Four of the lenders (EquiFirst Corporation, Fieldstone Investment Company, Nova Star Financial, Inc. and South Star Funding) also limit or exclude loans made on row homes.

According to David Berenbaum, NCRC’s Executive Vice President, “this minimum value policy has both the purpose and effect of discriminating against African

Americans and residents of African-American neighborhoods, Latinos and others where the majority of homes are valued under the lender minimum loan value and favoring residents located in majority white neighborhoods. No legitimate business justification exists to justify this blatant violation of the Federal Fair Housing Act.”

The complaints, along with comprehensive mapping of the impact of these policies across the country, can be downloaded in PDF format at www.NCRC.org. Consumers who believe that they have been victimized by discriminatory and/or predatory lending practices may contact NCRC’s fair housing and Consumer Rescue Fund staff either on-line at www.NCRC.org or by calling 800-475-NCRC. ■

CommunityExpress: A Great Option for St. Louis Business

St. Louis, Missouri – Jacqueline and Bruce Bay had enjoyed successful careers in the corporate world. Their work, with both Tyco Industries and Lucent Technology, required them to be in separate parts of the country, traveling from Wisconsin to New Jersey. The travel and time apart were taking a toll on their lives, so they spent some time reflecting on what they wanted the future to look like for themselves, both personally and professionally.

That forward thinking landed them in St. Louis. Jacqueline and Bruce maintained a consulting business while they sought out opportunities to forge a new venture. After careful research, they decided to launch a homeopathic spa called Damsel fly. Their goal was to create an environment where customers could enjoy massage therapy with a focus on the whole body — holistic healing utilizing an individual's own energy. Damsel fly would also offer acupuncture, chiropractic services and reflexology massages. "It has to be some place where everyone can come to be comfortable," according to Jacqueline.

Once the type of business was selected, the Bays knew that the location was critical to their success. They settled on a 100-year-old school building located in a formerly distressed area of Meecham Park, a suburban St. Louis neighborhood. Meecham Park, like other inner-ring suburban communities, had suffered from a population migration to more distant areas of the region. The neighborhood had struggled for decades trying to attract residents and businesses of all types and income levels. Fortunately, the area had begun to enjoy a renaissance of economic development, including mixed-use housing. The Bays thought it was a perfect community for their unique business.

A perfect location — but of course, there was a catch. The old school house needed a complete renovation. The owner of the building agreed to do the build-out of Damsel fly's space to the Bays' specifications, but they would have to pay for the work. That's what brought them to the NCRC/SBA CommunityExpress product offered by U.S. Bank.

The Bays were already retail customers of U.S. Bank, so it was natural for them to approach their branch manager to discuss small business banking options. "The bankers at our branch were so nice and helped us with every aspect of setting up the company," Jacqueline said. She added, "I can't say enough about the good service and the tenacity of the branch manager, Robyn Starkey, who didn't let any details of the loan fall through the cracks."

Since Damsel fly was a new business, it would have been difficult for the Bays to obtain a conventional



L to R: Mac McDougell, U.S. Bank; Jacqueline Bay, Damsel fly; and Lynn Steele, Grace Hill Business Center

bank loan. But the NCRC/SBA CommunityExpress product — available to both start-up and existing enterprises owned by women, veterans and minorities, as well as those in low/moderate-income areas — was a perfect fit. The Bays worked with business banker 'Mac' McDougell to secure the maximum CommunityExpress loan amount of \$250,000 in order to customize the space for their enterprise.

U.S. Bank's technical assistance partner, Grace Hill Business Center, had provided services to the bank's CommunityExpress customers for two years. Director Lynn Steele worked with Jacqueline to make her good business plan a reality, focusing especially on cash flow projections and a marketing plan and strategy for the unique venture. As Lynn says, Jacqueline "was very focused on what she was try-

ing to create," and the resulting space has a welcoming and serene ambiance, with each room distinctively designed for the type of service being provided.

Damsel fly opened for business on April 1. With her husband's full support, Jacqueline Bay is happily saying "goodbye" to corporate America and "hello" to her new life as a small business owner. ■

CommunityExpress was created and launched in 1999 by NCRC's Banker/Community Collaborative Council in collaboration with the U.S. Small Business Administration. From the original nine lenders, the program has expanded to include more than 50 lenders making loans in almost every state plus the District of Columbia and the U.S. Virgin Islands. CommunityExpress borrowers receive not only financing critical to their business growth, but also technical assistance and coaching from local organizations with expertise in small business development. Since launch, SBA has approved 14,595 CommunityExpress loans totaling nearly \$375 million. Consistently, about 55% of the loans have flowed to women-owned businesses, some 70% to minority entrepreneurs, 12% to veterans, and roughly one-third to enterprises in low/moderate-income communities.

FOR MORE INFORMATION:

U.S. Bank
Grace Hill Business Center
Damsel fly
CommunityExpress

CONTACT:

Ben Lopez: bvlopez@usbank.com, 702-871-1377
Lynn Steele: lynnes@gracehill.org, 314-539-9840
Jacqueline Bay: www.damsel fly.net, 314-821-0400
NCRC's Entrepreneurial Development Department at 202-628-8866 or avis@dcmbdc.org OR
U.S. Small Business Administration:
Your nearest SBA District Office or www.sba.gov

NCRC Leads International Community Reinvestment Coalition

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lending conferences (including one in the United States) set up a global information-exchange and advocacy network (called the International Community Reinvestment Coalition), created an internet-based communication tools, including a global listserve (<http://groups.yahoo.com/group/Global>) and web site (www.globalfairbanking.org).

In Brussels, more than 150 non-government organizations (NGOs) from 28 different countries conducted the very first international conference for NGOs of this sort ever. Comments following the conference ranged from "seminal" to "outstanding" as community leaders from across the globe met with lenders and political leaders to expand the dialogue and focus on responsible lending in Europe and elsewhere.

NCRC, and our European partner, the Institute for Financial Services (IFF), Germany, co-hosted this important conference which in addition to the 150 NGOs, also attracted, representatives from national governments, the EU-Parliament, the International Labor

Organization, Central Banks, banking authorities, members of the press, and other government representatives.

Brussels also marked the creation of a new international association of organizations dedicated to working for economic justice and fair lending— the International Community Reinvestment Coalition (ICRC).

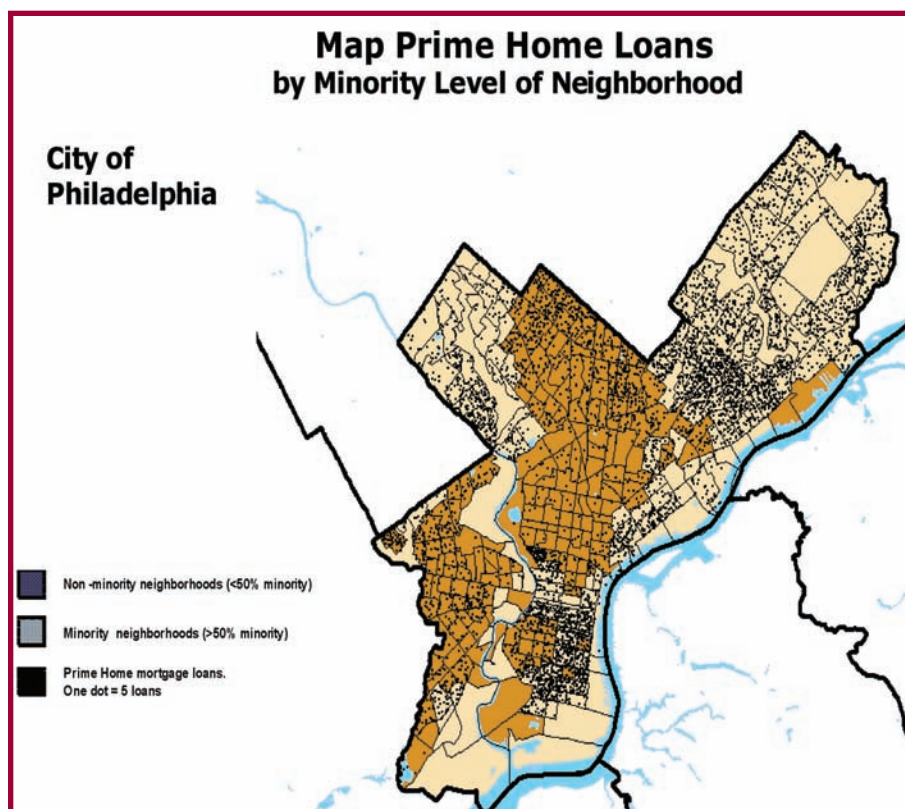
The ICRC, will be managed by the NCRC, which will work to build this coalition world wide. Already NCRC has developed a network of over 586 NGOs from some 80 different countries which it hopes to solicit for membership in the newly formed ICRC. The ICRC's mission will be unify the worldwide conversation and efforts to ensure fair lending practices and increase underserved people's access to credit from financial institutions everywhere. ■

For more information, contact:

Anita Willis-Boyland, SVP Business-Initiatives,
awillisboyland@ncrc.org

Progress but Still Persistent Lending Inequalities in Philadelphia

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ing. Just like last year's study, more than half of the depositories exceeded the performance of other banks on only 40 percent of the CRA small business lending indicators. This disappointing performance was probably related to the relative lack of depository branches in low- and moderate-income neighborhoods. Only three of the nine banks receiving City deposits placed a higher percent of their branches in low- and moderate-income City neighborhoods than all banks, as a group.

NCRC recommended more of a focus on small business lending and branching by the depositories. Some of the depositories were still relatively new entrants in the Philadelphia market and are likely to be increasing their presence in the City. Hence, they have an opportunity to build more branches in minority and working class neighborhoods as well as stepping up their small business lending, a type of lending that particularly depends on substantial branch networks.

For more information about the study for the City of Philadelphia, please visit www.ncrc.org or call Josh Silver or Milena Kornyl at 202-628-8866. ■

Minority Business Center Hosts Targeted Events, Changes Leadership

continued from p. 7

of systems, ranging from defense to retail operations. The June seminar will present both government and private contracting opportunities involving RFID applications, security issues and anticipated future developments. Networking afterwards will provide participants a chance to connect with contract distributors and potential joint venture partners. DCMBDC's largest client, LanceSoft Inc., an IT solutions provider, is sponsoring this event and taking a leadership role.

Although DCMBDC is mandated to target minority firms earning \$500,000 or more in annual revenues, all small business owners in the Washington metropolitan region are invited to attend events. ■

Reginald Richter, the DC Minority Business Development Center's director since its inception two years ago, has been promoted to NCRC's Senior Vice President – Programs and now oversees small business development, fair lending/fair housing and the Consumer Rescue Fund. Stepping into Reggie's shoes as DCMBDC director is Owen Jackson, who had been assistant director for procurement. Prior to joining the Center, Owen had served as Vice President of Procurement for Jamaica Business Resource Center/ Queens Long Island MBDC in New York City.

Meet and Greet the New NCRC Members & Associates

Join in Welcoming the Newest Additions to the Coalition in Your Area!

MEMBERS:

Alliance for Community Empowerment, Inc.
OAK HILL, FL

CASA of Maryland, Inc.
TAKOMA PARK, MD

Circle of Love Outreach
SELMA, AL

Community Law Center, Inc.
BALTIMORE, MD

Consumer Action
WASHINGTON, DC

DC Department of Insurance, Securities & Banking
WASHINGTON, DC

HBC Services, Inc.
WAUKESHA, WI

Hopeful Housing
WHEELING, WV

Housing Assistance and Development Services, Inc.
BOWLING GREEN, KY

Housing Partnership of Chester County
DOWNTOWN, PA

Jewish Community Action
ST. PAUL, MN

Macoupin County Housing Authority
CARLINVILLE, IL

Madisonville Revitalization Alliance, Inc.
CINCINNATI, OH

National Black Farmers Association
BASKERVILLE, VA

National Coalition for Asian Pacific American Community Development (CAPACD)
WASHINGTON, DC

NCB Development Corporation
WASHINGTON, DC

Neighborhoods USA
KANSAS CITY, MO

Rainbow PUSH DC Office
WASHINGTON, DC

San Diego Coalition for Fair Banking
SAN DIEGO, CA

Social Compact
WASHINGTON, DC

YWCA Delaware
WILMINGTON, DE

ASSOCIATES:

A.S. Bacque Enterprises, Inc.
CRANFORD, NJ

Liam Arles Consulting, Inc.
BAKERSVILLE, NC

Northampton County Faith Community Ent.
WOODLAND, NC

Chris Ferreira-Student Associate
DAVIS, CA

Monica Thompson-Student Associate
WINSTON-SALEM, NC

Coalition News from Members Around the U.S.

31st Annual Neighborhoods USA Conference

Kansas City, MO – NUSA is coming back to where it all started.

Its annual conference will be held from May 24-27, 2006, at the Kansas City Convention Center. NUSA started as a partnership formed between a neighborhood activist from Kansas City and one from Washington, D.C., which resulted in the National Conference of Neighborhood Concerns in 1975. Now the annual conference has become a major grass-roots event for neighborhood leaders, drawing more than 1,000 people from all over the country to a multi-day conference on how to create and sustain healthy, vibrant neighborhoods. Every year it alternates between a host city east or west of the Mississippi, in order to make it more accessible to the local neighborhood leaders who need it most. This event will be an outstanding opportunity to learn more about what other neighborhoods are doing and a chance to share your experiences with others, for more information visit: www.nusa.org. Michael Mitchell, our Vice President for Fair Lending, will be a luncheon speaker and panelist at the conference. ■



National Black farmers mark 10th anniversary with protests



Black farmers protest USDA discrimination at a protest in Washington, DC

Washington, DC – Black farmers marked the 10th anniversary of their campaign against discrimination by the U.S. Department of Agriculture with a protest rally on Wednesday, April 26th, at the National Mall. A group of black farmers rallied outside the Agriculture Department to press their claim that thousands of people were left out of the settlement of a discrimination lawsuit. “We want full restitution ... so black farmers can move on with their lives,” John Boyd, president of the National Black Farmers Association, told a crowd of over 100 people. Boyd, a Virginia farmer and seasoned civil rights advocate who organized the event, brought two mules and a wagon, a reminder of the Civil War reconstruction order giving 40 acres and a mule to each freed slave.

The National Black Farmers Association (NBFA), founded by John W. Boyd, Jr., is a community-based organization with a national presence of more than 66,000 members. The NBFA has been involved in advocacy, land retention, and rural development for black and other minority small farmers throughout the country since 1995. The organization’s mission is to eliminate and reverse the causes of land loss, primarily limited access to credit, capital, while creating opportunities for small farmers to participate in the mainstream economy. The NBFA is working diligently to improve the quality of life in rural communities through improved access to credit for small farmers, family farm business development, food distribution, and rural economic development. ■

The Florida Housing Coalition Hosts 19th Annual Conference



Steven Auger

Orlando, FL – On September 5-7, 2006, The Florida Housing Coalition will hold its 19th Annual Statewide Affordable Housing Conference featuring a State of the State Address by Steve Auger, Executive Director, Florida Housing Finance Corporation. This event will take place at the Omni Orlando Resort at Championsgate. The conference represents a great opportunity for training and networking among affordable housing professionals in Florida.

Topics covered at the conference will include: successful development strategies, impacts of housing conditions on families, and best practices for implementing homeownership and rental housing programs. For more information visit: www.flhousing.org. ■

Maui Economic Opportunity, Inc. (MEO) celebrated Cesar Chavez Day

Wailuku, HI – MEO kicked-off Community Action Month 2006 with a celebration of the life of Cesar Chavez, a special day at its family center on Friday, March 31, 2006.

The Cesar Chavez celebration is an annual event at MEO, hosted by MEO’s Enlace Hispano (Hispanic Link) program.

A special award was created in 2005 to honor the individual(s) who best reflects the dedication and purpose shown by Cesar Chavez while he was fighting for the rights of farm-workers and other low-income laborers. This year, MEO’s Cesar Chavez Award was presented to Silvia Naiberg, program director of Enlace Hispano, in recognition of her contributions to Maui’s Hispanic/Latino citizens.

The Mission of MEO is to help the low income, elderly, children and youth, persons with disabilities, immigrants, other disadvantaged persons, and the general public to help advocate themselves, so that they and their committees can become self-sufficient. ■



MEO celebrates the life of Cesar Chavez at annual event

VEDC Celebrates 30 Years



Pete Garcia presents the Rouse Award to Roberto Barragan and VEDC at the NCRC National Conference

Los Angeles, CA – For 30 years, the Valley Economic Development Center (VEDC) has consistently provided services to small and medium sized business owners, entrepreneurs and members of the communities it serves. Since 1976, VEDC has grown to become the largest non-profit business development corporation in metropolitan Los Angeles. With a focus on the San Fernando Valley and the City of Los Angeles, VEDC provides financing, consulting and training services in seven offices.

VEDC believes that the major barrier for today’s small business is access to capital. Without adequate financing, many small businesses are prevented from thriving. That is why, in 2006, VEDC is focusing a large part of its efforts on lending. Operating out of four locations, VEDC’s lending department administers 10 loan programs in addition to its San Fernando Valley Financial Development Corporation’s California Loan Guarantee Program. VEDC’s team of loan consultants is available to provide lending guidance and loan packaging services at little or no cost.

VEDC also will continue to provide quality business assistance to its clients through its Small Business Assistance Center, Women’s Business Center and Historic Downtown L.A. Retail Project.

Last year, VEDC provided services for a total of 11,500 businesses and was responsible for over \$13 million in direct and guaranteed lending. This resulted in the creation of over 600 jobs and a total of 327 new businesses. This year promises to be even more successful, as VEDC strives to achieve its mission — “To revitalize communities by being the leading provider of consulting, training, financing, and workforce solutions to local businesses.”

Roberto Barragan, VEDC President, received the NCRC James Rouse Award during our 2006 annual conference as the most outstanding urban nonprofit organization. ■

Member Spotlight:

Waukesha, WI – hbc Services, Inc. is a homebuyer-counseling agency serving Southeastern Wisconsin. Hbc services was established in 2000 to provide quality homebuyer counseling services and to make home ownership a reality for households who demonstrate a strong desire to own their own home, especially those of low to modest means. Rose Juarez-Sura, president of hbc services, has been providing homebuyer counseling services since 1995. She possesses bilingual capabilities and experience in mortgage lending and credit/budget counseling. Ms. Juarez-Sura has a real estate sales license and is a certified as a homebuyer counselor by UW-Extension. She was a contestant during our NCRC Jeopardy game at our annual conference this year. ■



Pass Christian Homeowner Rebuilding Program Announced



Pass Christian, MS – Homeowners in the Hurricane Katrina-ravaged city of Pass Christian, Mississippi, will soon have access to the “one-stop” housing repair and financing services of the “Home Again” program created by Enterprise Community Partners (Enterprise) and Enterprise Corporation of the Delta (ECD) with \$1.3 million from the Rebuild the Coast Fund, a charity founded by Renee and John Grisham, the Home Depot Foundation and an anonymous donor.

The Pass Christian Home Again program will initially assist at least 15 homeowners through the complex maze of decisions to be made regarding repairing or rebuilding their damaged or destroyed homes. Home Again will also make zero percent interest “gap loans” to fund the difference between the resources the homeowner attains from FEMA, private insurance, and other sources and the cost of repairs or to rehabilitation.

“This is an exciting pilot that we hope will work as a model for other rebuilding efforts on the Gulf Coast. With a little luck, we will be building attractive, energy efficient and sustainable homes in Pass Christian by late spring,” said John Grisham.

Enterprise, ECD and NeighborWorks® America are working on a second pilot in another Mississippi coastal community; NeighborWorks® America has committed resources to help expand Home Again. “Home Again can serve many thousands of displaced homeowners throughout Mississippi with the hard work of the state’s residents, continued leadership of local officials and a commitment from the state to use some of its recently appropriated federal disaster relief funds for housing through this model,” said Enterprise President, Bart Harvey. ■

National Housing Conference Celebrates 75th Anniversary in 2006

Washington, DC – On its 75th anniversary, NHC will rededicate itself to pursuing policies and actions that will fulfill the dream articulated in the landmark Housing Act of 1949, which called for “a decent home and a suitable living environment for every American family.”



NHC will celebrate its anniversary with a host of key events throughout the year designed to look back at its long history and to look toward future goals of continuing to help ensure decent, affordable housing for all Americans. Since 1931, NHC has been the nation’s premier public policy and housing advocacy organization. A coalition of affordable housing experts from the public and the private sectors, it is an essential source of broad, nonpartisan information concerning national housing policy.

On June 7th NHC will host the NHC 75th Anniversary Gala at the National Building Museum in Washington, DC. For more information visit: www.nhc.org. ■

Manna CDC has Transitioned to a New, Independent Organization: Organizing Neighborhood Equity (ONEDC)



Manna CDC — the nine-year-old grassroots community development corporation that helped invigorate the Shaw neighborhood’s economic and social renaissance — is forming a new independent organization focused on community

organizing, equitable development, popular education and resident-led policy change in Shaw and throughout the District.

Recognizing Manna CDC’s extraordinary growth and progressive values, its board of directors believes restructuring will promote advocacy capacities and create a new, progressive organizational model.

The mission of ONE DC is to exercise political strength to create and preserve racial and economic equity in Shaw and the District. ■

Hillary Clinton Headlined SoBRO’s South Bronx Leadership Forum

Bronx, NY – On Tuesday, February 21st Hillary Rodham Clinton headlined SoBRO’s South Bronx Leadership Forum. For more than 15 years the South Bronx Overall Economic Development Corporation (SoBRO) has hosted the Leadership Forums to bring top city, state and national leaders to the South Bronx and give them a platform to discuss issues that are relevant to the South Bronx community. The forum was held at SoBRO’s headquarters located at 555 Bergen Avenue in the Mott Haven section of the South Bronx. She was greeted with warm praises and welcomes from Phillip Morrow, SoBRO’s President; Bronx Borough President Adolfo Carrion, and Congressman Jose Serrano.



Hillary Clinton and Congressman Jose Serrano participated at SoBRO’s Leadership Forum.

Senator Clinton began her talk by praising SoBRO and the broad scope of its accomplishments in the South Bronx. She went on to talk about a variety of issues of interest to the audience including: the need for more affordable housing, financial literacy, and bridging the digital divide by bringing Broadband Internet and other technological services to underserved areas of the Bronx.

The South Bronx Overall Economic Development Corporation (SoBRO) is a not-for-profit community development corporation that has been serving the South Bronx since 1972. SoBRO’s mission is to enhance the quality of life in the South Bronx by strengthening businesses, and creating and implementing innovative economic, housing, educational and career development programs for youth adults. ■

National CAPACD’s 7th Annual Convention in Houston, TX

Houston, TX – The National Coalition for Asian Pacific American Community Development is the first national advocacy organization dedicated to addressing the community development, organizing and advocacy needs of the diverse and rapidly growing Asian American and Pacific Islander communities nationwide.

National CAPACD will hold its 7th Annual Convention in Houston, TX from May 18-20, 2006. National CAPACD’s annual convention is one of the largest gatherings of community-based practitioners, organizers and advocacy agencies nationwide. This year’s convention will be held in partnership with the City of Houston and Partners for Livable Communities. Tim Westrich, NCRC Research Analyst will participate in this event by providing information about CRA & HMDA analysis. ■

Housing Assistance Council Conference in Washington, DC

Washington, DC – The Housing Assistance Council (HAC) National Rural Housing Conference 2006, *Building Communities, Celebrating Partnerships*, will be held December 6-8 at the Hyatt Regency Hotel on Capitol Hill in Washington, D.C., with pre-conference activities on



December 5th, 2006. Convened by HAC, this conference will honor the work of HAC’s local partners and highlight their contributions to rural America. This event will reaffirm HAC’s ongoing commitment with its partners to provide community-based organizations with the resources needed to build affordable housing for the poorest of the poor in rural America. Throughout the conference, a series of speakers, workshops, and peer forums will generate a dialogue on the role of partnership in encouraging and sustaining rural community development efforts. ■

NCRC Board Member, Stella Adams, Testifies on FHA

In April, Stella Adams, NCRC Board Member and Executive Director for the North Carolina Fair Housing Center, testified before the House Financial Services Committee on behalf of NCRC regarding a proposal to modernize the Federal Housing Administration (FHA) loan program. Ms. Adams applauded Congress' efforts to update aspects of the program that have become antiquated but also expressed concern with other proposed reforms, including provisions that will move FHA more towards private sector pricing patterns. The proposal could have the likely outcome of increasing the cost of FHA loans for low- and moderate-income and minority borrowers served by FHA.

The FHA program has been a very important means of extending mortgages to low- and moderate-income and minority families, therefore serving as a vital part of the national effort to increase and expand homeownership to these populations. The mission of FHA is to serve low- and moderate-income families with affordable home loans; however some of the proposals would move FHA away from its original purpose.

NCRC believes that FHA must provide an alterna-



NCRC Board member Stella Adams testifies against certain aspects of FHA modernization proposal.

tive to subprime lending in order to provide a competitive impetus for pricing to be reduced for borrowers with impaired credit. Ms. Adams pointed out, however, that "the proposal to adopt a risk-based pricing mechanism for mortgage insurance would move FHA closer to the risk-based pricing in the subprime market. In other words, FHA pricing would more closely resemble subprime pricing." This move would be the opposite of what is needed. We need to retain and expand upon alternatives to subprime pricing in order to maintain competitive pressure on the subprime market to lower its pricing.

Currently, FHA loans are an important source of affordable loans for traditionally underserved borrowers. NCRC's data analysis shows that a greater percentage of low-income and minority borrowers receive FHA loans than conventional loans. For instance, African-Americans obtained 16.3 percent of government-insured lending but just 7.9 percent of conventional single family lending during 2004. The percent of government-insured lending to African-Americans was higher than the percent of households that were African-American (11.8 percent) while the percent of conventional lending

was considerably below the percentage of households that were African-American. Moreover, the level of subprime lending (or loans with Annual Percentage Rates (APRs) above the triggers for price reporting in HMDA (Home Mortgage Disclosure Act) data) is very low in FHA lending. As a percent of total loans, subprime loans were 1.4 percent of government insured loans. In contrast, subprime loans were 11.5 percent of conventional home purchase loans in 2004.

NCRC is not convinced that a move to risk-based pricing is necessary to offer flexible and affordable mortgages. Enhanced homebuyer counseling and careful underwriting appears to be a more promising path than moving towards a subprime pricing structure. By making FHA loans more costly for credit impaired borrowers, the chances increase that these borrowers will default, making the FHA program less safe and sound.

Representative Barney Frank, Ranking Member of the House Financial Services Committee (D-MA), and Representative Nydia Velazquez (D-NY) agreed that moving to risk-based pricing would raise insurance costs for some families, thereby pushing them out of the FHA program.

NCRC will continue to update its members about the progression of this issue. For more information, contact Monica Gonzales at (202) 628-8866. ■

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