

NCRC Reinvestment WORKS

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BROKEN ECONOMIES

Making Markets and Government Work for All Communities

Register TODAY for NCRC's 2007 National Annual Conference, March 14-17 in DC

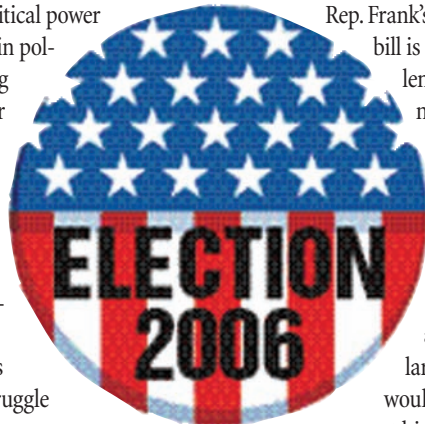
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2006 Elections: Shifting Power and Priorities Back to Our Communities

When Americans called for a shift in political power in Congress, they were calling for a shift in policy priorities – especially policies shaping the economy and our communities. Prior to the election, we read stories about “mortgage moms” and the constant worry across the country about mounting credit card debt, stagnant wages, and rising mortgage payments. Interest rates slowly increased, while housing values began to decline and rates increased on adjustable-rate mortgages. Americans have been feeling the squeeze and the struggle on the home front and asked for change.

What changes can we expect? While many legislators are still finalizing their agendas, several issues have already been identified for the focus of the upcoming session. Consumer protection laws that would curb predatory lending, advancing legislation that would cut down on abusive credit card practices and finalizing reform of the supervision of Fannie Mae and Freddie Mac (GSEs) are among some of the top items highlighted by Chairman-elect Barney Frank (D-MA) of the House Financial Services Committee and Chairman-elect Chris Dodd of the Senate Banking Committee (D-CT).

With returning Reps. Brad Miller and Mel Watt, and



Rep. Frank's new leadership position, a national bill is on the horizon for these anti-predatory lending champions. NCRC's strong commitment to this issue continues as we aim to get bi-partisan support for legislation that would provide the best protections for consumers and improve upon existing state and federal laws.

In the past session, Sen. Dodd proposed a bill that would ban abusive credit card practices – particularly those aimed at college students – and would require improved disclosures. We

expect him to reintroduce the issue to the Senate Banking Committee in the upcoming Congress and will work with him to advocate for these responsible lending laws.

While incoming Chairmen Frank and Dodd hope to finalize GSE reform during the lame duck session, the bill is more likely to be pushed through after the next Congress begins. Both committee leaders-to-be have named GSE reform as a top priority. NCRC supports legislation that would establish a strong regulator to provide oversight to the GSEs without limiting their mission to expand homeownership to underserved communities.

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Economic Justice Campaign Strengthens in Lackawanna County, Pennsylvania



(Left to right) Harry Skene, EJC Coordinator, UNC; Ron Felton, President NAACP Roxborough County; Anne Pasmannick, NCRC; Michael Hanley, Executive Director UNC – Lackawanna County

United Neighborhood Centers of Lackawanna County (UNC) is one of three initiatives nationally that make up the Economic Justice Campaign at NCRC. The African American Church in Scranton founded UNC as a “settlement house” agency in 1923 to serve the immigrant and African American communities in Central City and lower West Side Scranton. With a mission to “work together with neighbors to provide services and create opportunities which empower individuals and build strong interdependent communities,” UNC provides programs and services to a diverse population throughout Lackawanna County in Northeastern Pennsylvania.

Over the years these services have expanded beyond meeting the direct needs of families and individuals to challenging the systems that contribute to the continuation of poverty in our communities. The Economic Justice Campaign complements the traditional programs at UNC by challenging the economic systems that are exploiting the low income and impoverished households of Lackawanna County and across the nation.

The Economic Justice Campaign (EJC), which provides a new framework to address the inequities of our economic system, is built on the idea that a coalition of broad based traditional and non-traditional stakeholders from the community can join together to fight for economic justice.

In November 2005, UNC hired Harry Skene, J.D., LL.M. as the coordinator of the EJC in Northeastern Pennsylvania.

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The Community Investment NetworkSM

This powerful, comprehensive Web-based resource is now available to NCRC Members, and colleagues interested in advancing social and economic justice, and building healthy communities.



The CIN (“kin”) is also being made available to others concerned about community investment/reinvestment as a public service by NCRC.

The Community Investment NetworkSM is an on-line, 24/7 channel dedicated to news and updates, a variety of perspectives and opinions, reliable research reports (including NCRC's own research), and networking opportunities on the national, regional, state and community level. Also, the CIN provides easy access links to many government agencies and officials, not-for-profits, banks, foundations, and corporate organizations as well as other reliable information sources. The Network contains helpful tools and resources for com-

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Play NCRC Jeopardy at the 2007 Conferenc





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.

NCRC welcomes your questions and comments. Contact us at: NCRC, 727 15th Street, NW Suite 900, Washington, DC 20005
Phone: (202) 628-8866
Fax (202) 628-9800
Email: membership@ncrc.org

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Community Reinvestment. Activism. Fair Housing/Fair Lending. Coalition Building. Small Business Development. Legislative/Regulatory Affairs. Advocacy. Policy.

Always on the cutting edge of social and economic issues affecting our world, the National Community Reinvestment Coalition invites you to experience our 17th Annual Conference in the heart of Washington, DC. Focusing on hot button banking and mortgage financing issues, the NCRC conference offers trainings and dialogue designed for today's community activists and member based coalitions. Join leading experts, elected officials, and community leaders in exploring solutions to strengthen communities and markets in today's economy.

Wednesday, March 14, 2007

Pre Conference Trainings

In-depth sessions offering powerful tools and strategies on topical issues.

1:30 – 4:30PM

- **Understanding Bank Mergers**
- **Fair Housing & Fair Lending: Building Investigations & Compliance Testing Programs**
- **Exotic Mortgages: Suitable for Whom?**

4:45 – 6:00PM

Membership Legislative Briefing – Members Only

Briefing will prepare NCRC Members to meet with their representatives and illustrate effective advocacy techniques for community issues. Materials will be provided.

Tuesday, January 30, 2006 • 1:00 – 2:00PM

NCRC Training Academy Webinar & On-Site Session Protocol for Engaging Capitol Hill and Local District Offices

Learn the ins & outs of identifying new Congressional Representatives and Hill Staffers. Understand pitfalls to avoid in requesting and preparing for office visits on the Hill and in your local districts. Develop effective strategies building local delegations to maximize your message.

Thursday, March 15- Saturday, March 17, 2007

NCRC National Training Academy Conference

Provides dynamic and interactive working sessions engineered to educate and invigorate conference participants on community and wealth building empowerment tools.

TRACK ONE*

Tool Kit Fundamentals

- How the Community Reinvestment Act Restores Markets and Builds Wealth in Neighborhoods
- Powerful Tools and Techniques for Analyzing Bank Lending and Branching
- Is CRA Broken and Does it Need to be Fixed?

TRACK TWO

Sustaining Grassroots Organizations

- Capacity Building for Successful Advocacy
- Messaging that Creates Community Clout
- Strengthening Emerging Coalitions

* Titles subject to change

TRACK THREE

Predatory Products & Practices; Cutting Edge Responses

- New Enforcement Strategies and Actions
- Advanced: Insight into Predatory Lending Products
- Economic Justice in the 110th Congress
- Fair Lending on the Global Front

TRACK FOUR

Challenges of Building Local Economies

- New Urban and Rural Revitalization Strategies
- Expanding Commercial Enterprises in Our Communities
- Stories from the Field & more...

Conference Highlights

Thursday morning, March 15 Meet Your Legislators

Contact the Hill at 202-224-3121 to schedule meetings with your Congressional representative. Call NCRC at 202-628-8866 if you have questions or need assistance.

Thursday afternoon, March 15 Capitol Hill Luncheon

Join Congressional and community leaders in discussions on the upcoming political landscape and the impact the new congress will have on our communities. NCRC members also share their Hill visit experience in our traditional "Roll Call" report.

Friday, March 16 Awards Night

Celebrate America's best of the best in the economic justice movement. We will honor non-profit organizations, financial and governmental institutions, media and individuals for their work with the most vulnerable people and communities across the nation. To make nominations, go to www.ncrc.org, use our printer-friendly form and fax it to 202-628-9800; or call NCRC at 202-628-8866.

BROKEN ECONOMIES



SPECIAL REGISTRATION RATE FOR NEW MEMBERS ONLY!

Join now and pay only \$150 more
to attend the Annual Conference

Membership Type

☐ **Non-Profit** \$150
(budget less than \$500,000)

☐ **Non-Profit** \$250
(budget over \$500,000)

☐ **Non-Profit** \$600
(budget over \$1,000,000)

☐ **University/College
Department** \$500

☐ **Local Government
Agency** \$500
(special criteria apply)

☐ **Student** \$35
(please provide copy of student ID)

☐ **TA Provider** \$250
- For Profit
(special criteria apply)

☐ **Sustaining
Partners** \$6,000

☐ **Public Sector/
Government Agency** \$1,000
(state, multi-state or federal)

Mail or fax this form with payment to:

National Community
Reinvestment Coalition
727 15th Street NW, Suite 900,
Washington, DC 20005
Fax 202-628-9800
Call for conference information,
special needs and rates:
202-628-8866

NCRC ANNUAL CONFERENCE REGISTRATION - MARCH 14-17, 2007

Hyatt Regency on Capitol Hill, 400 New Jersey Ave., NW, Washington, DC

**Call the Hyatt now to book your hotel at the NCRC Special Conference Rate.
800-233-1234 or 202-737-1234**

Registration also available online at www.ncrc.org

Name _____

Title _____

Organization _____

Address _____

City _____ State/Country _____ Zip code _____

Phone _____ Fax _____ Email _____

I prefer to receive confirmation by: ☐ Fax ☐ Email

I prefer to receive my conference materials on: ☐ CD ☐ 3-ring binder

Dietary Restrictions: ☐ None ☐ Vegetarian ☐ Diabetic ☐ Other: _____

FULL CONFERENCE

	Member	Student	Non-Members
Early Bird (by February 9th)	\$199	\$50	\$455
Regular (February 10th – March 9th)	\$299	\$75	\$565
Late/Onsite	\$399	\$99	\$620

DISCOUNTS: First registrant from each organization pays full fee. Second deducts 15%. Each additional registrant after the first two deducts 20%. Not Applicable to student rates.

SEND ALL REGISTRATIONS FOR YOUR ORGANIZATION IN A SINGLE BATCH.

PAYMENT

Conference Registration Fee

Group Discount (Attach worksheet)

TOTAL DUE

☐ Check enclosed

\$ _____

– _____

CREDIT CARD ☐ Visa ☐ MasterCard

Card Number _____ Exp.Date: ____ / ____ / ____

Cardholder Name (print) _____

Signature _____

For fast processing, fax registration with credit card payment authorization. Registrations will not be processed until payment is received. Refunds: Cancellation requests received by Feb.10 will be subject to \$25 processing charge. Requests received Feb.10 through Mar. 9 will be subject to \$80 charge. No refunds on requests received after March 9. All refunds will be remitted after the conference.

As of January 1, 2007, smoking will no longer be permitted in restaurants, bars or other public places within Washington, DC. Therefore, smoking will only be permitted outside the Hyatt Hotel and in designated "smoking" guestrooms."

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NCRC NATIONAL ACHIEVEMENT AWARDS

2007 Nomination/Application Form

DEADLINE: January 19, 2007

NCRC Members, Associates and others may make nominations.
Type or write clearly. Attach as many pages as necessary. Fax or mail to address below.

Nominator's Information:

Name _____

Title _____

Organization _____

Phone Number _____ Fax _____

Email _____

Relationship to Nominee _____

Information on Nominee:

Name _____

Title _____

Organization _____

Street Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____

Email _____

Web site _____

Award Category for achievements in economic justice
(Check any that apply):

- ☐ **National Community Reinvestment Award** to the individual who has contributed the most.
- ☐ **James Rouse National Award** to the most outstanding urban nonprofit organization.
- ☐ **James Leach National Award** to the most outstanding rural nonprofit organization.
- ☐ **Henry B. Gonzalez National Award** to the most outstanding government official/agency or for-profit firm, for contributions in partnership with community nonprofits.
- ☐ **"Color of Money" Award** for the best documentary, reporting, book or public information campaign.

Attach a description of the nominee's qualifications and contributions, noting:

- ◆ Leadership in community economic development and/or economic justice
- ◆ Impact on community development and/or financial services to disadvantaged Americans
- ◆ Major accomplishments (model services initiated, local impact, national impact, etc.)

Fax to 202-628-9800 or mail with postmark no later than **January 19, 2007** to:

NCRC Awards Committee
727 15th Street, NW, Suite 900
Washington, D.C. 20005

2006 Elections: Shifting Power & Priorities Back to Our Communities

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Not all of the upcoming legislative battles are consumer-friendly. Senator Tim Johnson (D-SD) has promised to reopen the Talent-Nelson Amendment, a provision in the recently passed Defense Authorization Bill which capped loan rates to the military at 36%. Claiming that the provision has unintended consequences, Johnson plans to reintroduce the bill and limit its scope. NCRC and consumer groups will continue to hold the line and remind Congress that it was not an accident to set a reasonable cap on loan rates and their additional fees.

Chairman-elect Frank is also likely to move forward with legislation to prohibit commercial firms, such as Wal-Mart, from owning industrial loan companies (ILC). Rep. Frank has already urged the FDIC to extend its moratorium on approving ILC applications until the summer. A bill introduced by Rep. Frank and Rep. Paul Gillmor (R-OH) would retroactively apply to Wal-Mart and other ILCs if it passed. The Democrats' new but narrow margin in the Senate may propel the ILC bill despite continued opposition by Senator Bob Bennett on the Banking Committee. Most of the large ILCs are chartered in Utah, Bennett's home state.

In addition to pushing through a strong national anti-predatory lending bill, NCRC also aims to reopen the CRA Modernization bill, first introduced by Congressmen Luis Gutierrez and Tom Barrett in the 107th Congress. Modernizing CRA would include applying CRA to mortgage and insurance companies, securities firms, large credit unions, and non-depository affiliates of banks and would expand the definition of assessment areas. Since CRA has proven to be effective and CRA bank commitments total \$4.2 trillion in minority and lower-income neighborhoods, it makes sense to strengthen CRA further to increase access to credit and capital for traditionally underserved populations.

NCRC also plans to call for needed enhancements to home and small business data disclosures so that the public can thoroughly assess how financial institutions are lending to women, minorities, and working-class Americans. With more data disclosure, it becomes easier to identify predatory lenders, enforce existing fair lending laws and regulations and ensure equal access to credit and capital for all borrowers.

Through these types of policy changes and improvements, we can directly enhance our economy and communities and create the kind of change voters were looking for this November. NCRC looks forward to building new relationships with incoming members of Congress and continuing our hard work with existing members. For more information on NCRC's policy agenda, contact our Legislative & Regulatory Department at (202) 628-8866. ■

NCRC-Woodstock Institute Study Highlights Asset Preservation Strategies and the NCRC Consumer Rescue Fund

In mid-September, NCRC and the Woodstock Institute, a Chicago-based advocacy and research organization led by NCRC Board member Malcom Bush, presented a paper on asset preservation strategies at the Corporation for Enterprise Development's conference in Phoenix, Arizona. Entitled Asset Preservation: Trends and Interventions in Asset Stripping Services and Programs, the paper asserts that wealth building in minority and lower income communities will succeed only if predatory and usurious lending is halted. Abusive lending and high-cost fringe banking services strip the equity and assets achieved through the hard work of neighborhood residents and the community development industry.

The paper begins with an extensive literature review discussing the causes of unequal asset accumulation experienced by working class and minority communities. The paper then describes the NCRC Consumer Rescue Fund, which is an innovative foreclosure prevention program protecting homes, the only form of wealth for many Americans.

While it is widely known that the distribution of income is uneven, asset distribution is even more disproportionate. In 2001, the top five percent of households owned 59.2 percent of assets in the U.S. This disparity is clearly related to income and race. African Americans have far less money saved in retirement accounts than whites. Their median amount saved is \$59,000 compared to \$93,000 for whites.

The NCRC and Woodstock paper explores major factors for unequal asset distribution. Income inequalities feed asset inequalities since the groups in society with lower incomes have much more difficulty saving and building assets. A study by the Center on Budget and Policy Priorities and the Economic Policy Institute found that in two-thirds of the states, the gap in incomes between the top 20 percent of families and the bottom 20 percent of families grew between the 1980s and the 1990s.

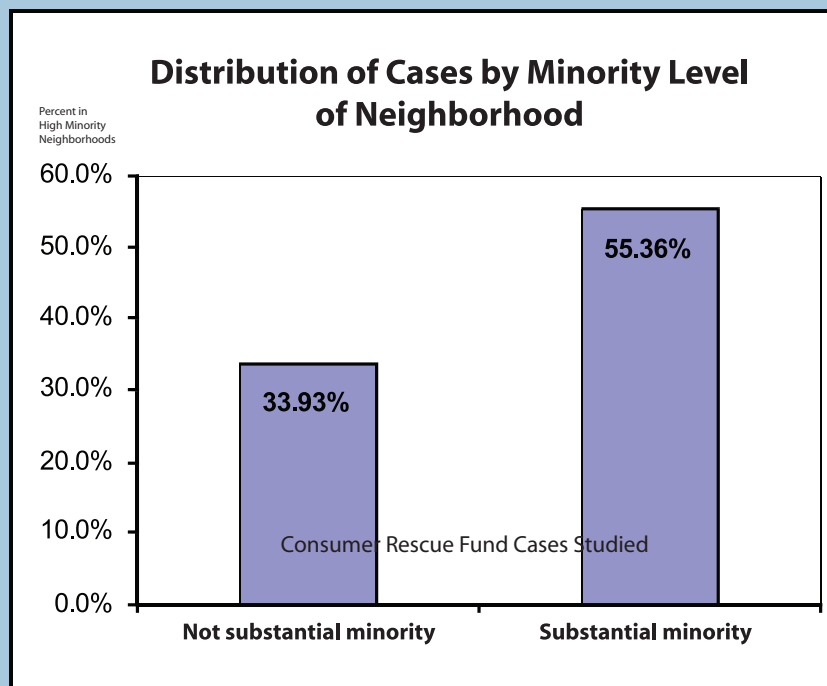
Another significant impediment to reducing asset inequalities is the lack of access to mainstream financial institutions in minority and working class communities. Lack of access to banks makes it much more difficult to accumulate assets via savings accounts and other banking products. One-fifth of lower-income consumers do not

have a relationship with a bank or credit union. The rates of the unbanked are even higher for minority consumers. A 2004 survey by the Joint Center for Housing Studies at Harvard University found that 52.4 percent of respondents termed "unbanked" were black and 35.3 percent were Hispanic.

A Woodstock Institute study of the Chicago region examined the locations of full service bank branches from 2000-2004. The researchers found that although the number of branches increased significantly, many communities remained underserved. Low-income zip codes had less than one bank office per 10,000 people, while upper-income zip codes had over four offices per 10,000 people in 2004. At the same time, research has found that check cashers and other high-cost fringe services are disproportionately located in minority and lower income communities.

Related to the unequal placement of branches is the disproportionate amount of high-cost or subprime lending in underserved communities. The Federal Reserve Board has found that lending disparities are less in geographical areas in which banks issue loans through branches instead of through brokers. However, partly because bank branches are still too scarce in minority communities, lending outcomes remain unequal. NCRC's 2004 study, The Broken Credit System, found that the level of refinance subprime lending increased as the portion of African-Americans in a neighborhood increased in nine of the ten metropolitan areas studied, after controlling for credit risk and housing market conditions.

The NCRC and Woodstock paper offers a series of programmatic and policy recommendations for reducing unequal access to traditional banking products and loans as a way to build assets and combat equity stripping. But because significantly reducing lending



disparities and eliminating predatory lending cannot be achieved in the short or medium term, foreclosure prevention efforts are also needed to save the homes of victims of predatory lending.

Through the national anti-predatory lending Consumer Rescue Fund (CRF), NCRC works with victims of predatory lenders so their mortgage payment becomes more affordable and foreclosure can be avoided. The CRF identifies consumers who are in predatory mortgages and fixes the mortgages through mediation with lenders or by arranging refinance loans. In a number of instances, the NCRC members in the CRF program are counseling agencies assisting consumers experiencing delinquency and default on their loans. HSBC North America provides refinance loans for the CRF program and supports CRF counseling. Other sponsors of the CRF program include Select Portfolio Servicing, Inc, The Ford Foundation, Freddie Mac, The Fannie Mae Foundation, Fannie Mae, The JP Morgan Chase Foundation, and The F.B. Heron Foundation.

The NCRC and Woodstock paper uses a sample of approximately 100 borrowers in the CRF program. The CRF sample suggests that abusive lenders targeted minority and modest income borrowers and neighborhoods. For example, more than half (55.4 percent) of the borrowers resided in substantially minority census tracts (more than half the population in the census tract was

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CRF program helped to:

- ◆ decrease average mortgage rate by 3.8 percentage points
- ◆ save on average \$276.5 a month, \$3,318 yearly, \$100,000 over life of loan
- ◆ 1,000 CRF customers, \$100 million in equity saved by CRF program

Economic Justice Campaign Strengthens In Lackawanna County, Pennsylvania *continued from p. 1*

Harry came to UNC after fifteen years in private practice as a local attorney. Among his many achievements he was awarded the Pro Bono Award for Lackawanna County and the State of Pennsylvania in 2005. With a strong track record of giving back to the community Harry has jumped into this new position with gusto to address economic justice issues both locally and nationally.

Coalition Building

UNC's approach to building a broad based coalition of traditional and non-traditional stakeholders was to form a partnership with the Wilkes-Barre Chapter of the NAACP and jointly co-hosted a breakfast meeting to bring together cross platform partners such as local banks, businesses, politicians and universities.

At this initial meeting, attended by nearly 30 representatives of various community sectors, the issues of payday lending, predatory loans and rent-to-own centers were discussed as well as their effects on the local community. This meeting set the stage for a number of focus groups held in both Lackawanna and Luzerne Counties over the summer and early fall. These focus groups expanded both the size and the breadth of the coalition, allowing individuals from various sectors in the community to explore the effects of predatory practices on the community as a whole. The next phase for the coalition is to form a steering committee that will define and coordinate economic justice initiatives that will most benefit the Lackawanna and Luzerne counties.

"Predatory" Lending

UNC has begun to investigate payday lending, rent-to-own retailers, and mortgage lenders with operations in Northeastern Pennsylvania. The payday lending system exploits individuals who are in dire need of cash when their paychecks do not stretch far enough to cover basic living expenses. In return for the nearly instance payout, the lender requires the borrower to leave a bank check as a "deposit" and expects repayment for the short term loan within a certain time — usually to two weeks. The danger lays in the exorbitant fees — sometimes nearly 200% — that payday lenders charge. The borrower, already struggling financially, often falls into a spiral of debt in order to pay off these loans. There have been some changes since UNC first started its investigation, mainly that the FDIC started to crack down on banks that were lending to payday lenders. The FDIC instituted stricter rules and reserve requirements that became difficult to manage and thus many lenders ceased making loans to payday lenders. Some have continued and usually abide by the requirement to have the borrower sign a statement pledging they have not had a payday loan existing for more than 90 days in the last twelve months.

Payday lending is an extremely lucrative business, but an equally pernicious predator is the rent-to-own

retailer such as Rent-A-Center. These are places where potential purchasers, with no or poor credit, can "rent to own" luxuries at astronomical prices. The furniture is a rented out at a high weekly or biweekly rate for a certain period of time. When the terms expire the renter becomes the owner. This transaction resembles a credit card purchase since it offers the borrower/owner merchandise paid for over a period of time. However, there are two key differences: the interest paid on credit cards is not nearly as high or as repressive as the rental cost. Also, the rental customer does not take ownership of the product up front thus if payment is not made, at any time during the rental term, the rental company may reclaim the merchandise. By the end of the agreement, the renter/owner has paid for the product many times over. Rental retailers subvert banking laws meant to protect consumers by claiming that their rental agreement differs from an installments sales agreement.

Regulatory and legislative action needs to be taken on the predatory practices of payday lenders and rental retailers. The EJC is strategizing on how the coalition will address these problems. In Pennsylvania, through the efforts of the Pennsylvania Department of Banking, The Treasury Department, and the Pennsylvania Credit Union

Association credit unions are going to be able to offer 90-day short-term cash advances with an annual interest rate of 18%. We are currently working on local enrollment of credit unions into The Better Choice Cash Advance Program. The FDIC Chairman Sheila Bair is also working on an initiative to encourage banks to provide various services to underserved people. The idea seems on track and may give local groups an opportunity to work with banks on this project.

The escalation of foreclosures is another issue being investigated by the EJC. In 2001, Lackawanna County had 282 foreclosures, but by September of 2006 the number nearly doubled. After some investigation, the UNC found initial analysis indicating possible clustering of foreclosures in certain census tracts. In addition it appears the vast majority of banks and financial institutions foreclosing on mortgages in the community do not have a local presence in Northeastern Pennsylvania.

The Economic Justice Campaign and the UNC have been busy addressing these problems that not only touch Pennsylvanians but also touches a broad spectrum of communities. Though the picture may seem grim at first, there's a promise of change on the horizon as NCRC develops more coalitions to take up this fight. ■

CRF Aids Elderly Nurse, Refies Loan



Sixty-nine-year-old Gladys Christian refinanced her home only twice in 31 years of homeownership. Using the cashed-out equity for sound investments — a car and then for home improvements — Ms. Christian proved a model example of responsible equity management. However, the second refinance presented Ms. Christian with more problems than she ever imagined. The loan terms cost over \$10,000 in broker and third party fees and generated extraordinarily high monthly payments. Despite Ms. Christian's long years of sound credit history, her loan had an 8.9% adjustable rate with the option to climb as high as 15.90%.

One of the working retired, Ms. Christian had to rely on her Social Security income, her pension, and the earnings she made providing nursing services for the elderly to keep up with her new mortgage payments. Already on a forbearance plan to avoid further serious delinquencies on the loan, an unexpected illness pushed Ms. Christian into a seemingly no-win situation. With a reduced income and a missed payment on her record, Ms. Christian first tried to manage the situation with the loan servicer. The unsuccessful attempt left her facing lender-initiated foreclosure proceedings. That's when she reached out to Legal Aid of Southeast Pennsylvania. Attorney Kesha James immediately went

to work on Ms. Christian's case to prevent the foreclosure, but the attorney also recognized that NCRC's Consumer Rescue Fund could help with her high cost loan.

When CRF processed Ms. Christian's application, her principal balance totaled \$136,700. CRF successfully refinanced Ms. Christian's predatory mortgage loan with a 5.35% fixed rate. The result: \$197 in monthly savings. "NCRC...came to my aid in my time of need and helped me out of a very bad situation," says Ms. Christian. "I thank God for the work that they do, and truly appreciate how they helped me." ■

109th Wrap Up, 110th Wind Up

As the 109th U.S. Congress comes to a close, NCRC members can feel proud of the many legislative accomplishments made in the past session. Our members, board and staff have continued to actively engage our legislators and push forward the concerns of underserved communities. From the White House rally opposing "Wal-Mart Bank" to several congressional and regulatory testimonies, NCRC's voice has been heard. Here are just a few examples of the hard work of NCRC in the 109th Congress:

◆ **Anti-Predatory Lending** – Significant strides were taken in the 109th Congress on anti-predatory lending as new sponsors, allies and avenues were identified for protecting borrowers from predatory and deceptive lenders. NCRC board members were called to testify at congressional hearings to illustrate the stubborn and persistent disparities in lending practices. With NCRC's legislative research and data analysis, they emphasized the urgent need for a new national anti-predatory lending law. NCRC is committed to strong and comprehensive consumer protections that improve upon existing state and federal laws. We look forward to continuing our work with incoming House Financial Services Chairman Barney Frank and his colleagues to achieve a bipartisan bill and we will continue to make predatory lending a top priority into the next session.

◆ **Regulatory Relief** – After years of debating the nearly 200 provisions proposed for the regulatory relief bill, S. 2856 was finally signed into law in October 2006 with several wins for community and consumer groups:

- Legislators voted to allow banks to increase the percent of capital they can invest in community development projects for low- and moderate-income communities by 10 to 15 percent.
- Congress opted to drop the proposal to further expand the banking powers of ILCs. NCRC helped publicize these concerns, as its members marched in front of the White House, provided testimony before the FDIC, and mobilized its members to submit comment letters on the issue.
- Banks are still required to report HMDA data as no changes were made to the HMDA reporting threshold. Industry representatives tried to raise this threshold so that only banks with over \$250 million in assets would have to report HMDA data (currently the threshold is \$35 million). Their proposal, which consumer advocates vehemently opposed, would have meant that over 71% of banks would not have to report highly valuable HMDA data.
- NCRC helped Congress block an attempt from the credit union industry to water down their mission to low- and moderate-income communities. Credit union advocates proposed a provision that would allow them to serve

underserved communities solely with an ATM machine, and another provision that would allow them to expand their fields of members to wealthier communities and thereby give less attention to underserved communities.

- Congress also supported community groups and opposed an industry proposal that would have allowed borrowers to waive their right to rescission. The right to rescission was created because of the rush and confusion inherent in most home loan closings, and gives borrowers three days to review and familiarize themselves with their loan documents and change their minds if needed.

◆ **Military Payday Lending** – This fall, Congress passed the 2007 Defense Authorization Bill, which included an amendment to cap rates on payday loans at 36% for military personnel and their families. This was a huge victory as it now opens the door for expanding the law to all borrowers.

We are already gearing up for the 110th Congress in January! NCRC members should look forward to our upcoming conference in March as we will continue to discuss and strategize our legislative agenda for the upcoming session. For more information, contact the Legislative & Regulatory Affairs Department at (202) 628-8866. ■

NCRC Settles Fair Lending Complaint Against SouthStar Funding, LLC

On September 19th, NCRC proudly announced the settlement of a fair lending complaint with SouthStar Funding LLC. The settlement was negotiated through the United States Department of Housing & Urban Development Office of Fair Housing & Equal Opportunity conciliation process. Under the terms of the agreement SouthStar agreed to change its policy of prohibiting loans secured by row homes in Baltimore, Maryland and/or row homes valued at less than \$100,000 anywhere in the nation. NCRC alleged in a complaint filed in March 2006 that such a policy disproportionately impacts African American and Hispanic homeowners because row houses valued under \$100,000 are more heavily concentrated in African American and Hispanic neighborhoods.

Under the terms of the conciliation SouthStar agrees to:

1. Discontinue the use of the property type of "row home" as an underwriting criterion to exclude borrowers from any of its loan products;
2. Discontinue the use of minimum property value as an absolute bar to the making of any loans;

3. Notify the mortgage loan brokers and secondary market investors with whom it conducts business that it has discontinued its prohibition against lending on row homes under \$100,000 in value and row homes in Baltimore;

4. Train its employees on its revised underwriting standards;

5. Continue its "second review" procedure for all denied loan applications to ensure that all mortgage loan applications are being reviewed in a consistent and non-discriminatory manner;

6. Review all consumer advertising to ensure it complies with the Fair Housing Act and conveys the message that customers are welcome regardless of their race, color, religion, sex, national origin, handicap, or familial status; and

7. Pay NCRC \$500,000 over a period of four years to support the organization's and its members' programs to expand equal access to credit.

NCRC's President and CEO, John Taylor said, "This agreement between NCRC, HUD and SouthStar will ensure that residents of row homes — which are primarily found in inner cities of the East Coast and Midwest — will enjoy equal access to credit. We trust that other lenders and securitizers with similar policies will follow the lead of SouthStar and remove barriers which restrict access to housing in minority and low to moderate income communities. NCRC appreciates the commitment of Southstar to change its row home lending policies and the work of Kim Kendrick, HUD's Assistance Secretary for Fair Housing and Equal Opportunity, in facilitating the conciliation of this matter. We look forward to working with HUD and SouthStar to provide greater access to credit." NCRC's attorney, John Relman of Relman & Associates, added "this agreement is important because it recognizes that responsible lenders and their investors cannot apply underwriting criteria in a manner which restricts lending to minorities and those who live in minority communities." ■



NCRC Web Site Adds On-Line Donation Option

NCRC has recently made it easier to make charitable contributions to the fight for economic justice. Please visit our web site at www.ncrc.org, where you'll find our new DONATE button. There, you'll be able to make on online donation using a secure process

powered by PayPal. Of course, your donation is completely tax-deductible. If you prefer, you may also call our Office of Development and speak to Jesse Van Tol on 202-628-8866. ■

NCRC-Woodstock Institute Study *continued from p. 5*

minority). In contrast, only about 15.4 percent of the owner-occupied housing units across the country were contained in substantially minority tracts. Since minority neighborhoods have received an excessive portion of high-cost loans, it is likely that minority neighborhoods experience a disproportionate amount of abusive lending as documented by the CRF sample.

While targeting traditionally undeserved neighborhoods, abusive loans in the CRF program stripped equity through a series of tricks and traps. Fee gouging, misrepresentation, appraisal fraud, and dramatic increases of exotic and abusive loans (see related article on p. 12 on the new federal mortgage guidance) are just some of the predatory features of loans referred to the CRF program. All of these abuses result in loans beyond customer repayment abilities. The sample of CRF loans found that the total debt-to-income ratio averaged 50% while prudent

underwriting guidelines typically use 36% as the outer limit for debt-to-income ratios.

The NCRC and Woodstock paper documents the millions of dollars in equity saved by the CRF program by refinancing predatory loans into affordable loans with much lower interest rates and fees. In the CRF sample, the median rate of the new refinance loans was 6.00%. The difference between the median rate of the previous abusive loans (9.38%) and the new loan (6%) was 3.38 percentage points, which results in substantial amount of equity saved over the life of a loan.

The lower interest rates and fees on CRF refinances dramatically reduce monthly loan payments. The average monthly payment was \$1,198 for the abusive loans in the CRF sample. For the new refinance loans, the average monthly payment was only \$922. As a result of the refinancing, the average monthly savings was \$276,

which equates to \$3,318 annually. Assuming a 30 year loan term, the total savings on an average loan would be \$100,000. Given that the CRF program has assisted at least 1,000 victims through either refinancing or loan modifications, the program has saved borrowers approximately \$100 million in equity.

The NCRC and Woodstock study also features a number of poignant case studies of the customers of the CRF program, describing how hard-working Americans were swindled by predatory lenders and how their new CRF loan saved their homes and wealth. To read more about the CRF program as well as other promising asset preservation strategies, access the study on the NCRC web page of <http://www.ncrc.org> or call the NCRC Research Department on 202-628-8866. ■



NCRC Jeopardy is Back

Last year it was new. This year it's better.
NCRC Jeopardy 2007.

Buzz in at the NCRC 2007 Annual Conference.

The Community Investment NetworkSM *continued from p. 1*

munity development advocates and banking, lender and investment interests in all locales and geographic areas. The Network is available at no cost to NCRC members, community development leadership, civic leaders, public officials, journalists, researchers, public policymakers, funders, academics and others.

A select number of banks are providing important sponsorship support for making CIN available to a wider range of community interests.

Currently, profiles of NCRC member organizations are posted on the CIN, which, in some cases, serves as the member groups' sole presence on the web. Please log on and check them out today.

Access to The Community Investment NetworkSM is provided as a public service by the National Community Reinvestment Coalition (NCRC).

Go to www.communityinvestmentnetwork.org and request your password. ■

New Staff in NCRC's Direct Service Programs



Yolanda Viera joins NCRC's Consumer Rescue Fund in the capacity of Intake Specialist and Administrative Assistant. As the former Intake Supervisor of Resource International Employee Assistance Service in Rhode Island,

Ms. Viera is completely comfortable with handling the pressing needs of CRF callers. Fluent in Spanish and English, Ms. Viera's skills will assist CRF's ability to provide services to a growing community.



Allison DeFoe, the new DC MBEC Finance Director, contributes uniquely valuable knowledge in the world of construction financing. With over 12 years' experience in the construction industry, most recently with Smoot Construction

Company - the largest minority-owned construction firm in the country - Ms. DeFoe will assist DC MBEC's construction clients in obtaining both debt and bond financing through her one-on-one consulting and industry contacts.



Maria Middleton is DC MBEC's new Administrative Assistant. Prior to joining DC MBEC, she worked for the Center's host and key strategic partner, the District of Columbia Department of Employment Services (DOES). As

the initial intake specialist for potential clients into DC MBEC's small business program, Maria is also responsible for maintaining the critical input of data into the online performance tool utilized by DCMBEC's federal funder, the Minority Business Development Agency.



Hiba Abdallah has joined NCRC in the newly created role of Economic Justice Coordinator. From her expertise with the labor movement and other nonprofit organizations, Hiba will utilize her vast knowledge of community development

strategies to help build strong coalitions for NCRC's Economic Justice Campaign. A graduate of New York University, Hiba went on to receive her J.D. from American University in Washington, DC. ■

News From the Border Fair Housing and Economic Justice Center

The Border Fair Housing and Economic Justice Center is proud to announce that it will open its third office in McAllen, Texas in December to continue building on its success in providing fair housing. This much-anticipated opening will enable the provision of services to all border communities in Texas and New Mexico.

These new expansive undertakings come at the perfect time when the BFHC is shifting its focus to mystery shopping at area Realtors, developers, and lending institutions to ensure that the American dream of home ownership is available to all qualified home-seekers.

In order to remain responsive to the community's needs, the BFHC has initiated new programs to address emerging needs in our rural communities. Inspired by its recently concluded New Resident Integration Program which assisted local Gulf Coast evacuees through a partnership with HUD and the Texas Workforce Commission, Civil Rights Division, the Colonia Recovery Initiative (CRI) was created as a response to the extensive flooding that besieged the border area this past August. CRI is a collaborative partnership with the Paso del Norte Health Foundation (PDNHF), one of the largest private founda-

tions on the U.S.-Mexico border, where BFHC addresses residents' urgent needs: flood-related health education and emergency food distribution. Specifically, the BFHC has created a highly interactive instructional curriculum that provides community-specific educational sessions on safe mold removal and West Nile Virus infection prevention. In addition to these sessions, a direct partnership with the West Texas Food Bank has been established to distribute 50,000 pounds of food to the affected areas in western El Paso County. Two community fairs and food distribution drives took place where over 400 food baskets were distributed to area families. A total of five food drives will be held through December 2006, just in time for the holidays.

In order to build on the success of their fair housing work and successful community-focused ventures, the BFHC will be assisted by six AmeriCorps*VISTA Members who will begin their year of service in Las Cruces, El Paso, and McAllen in February 2007. These Vistas will work to further increase the BFHC's capacity and presence in these areas by promoting the Center and building new partnerships with other grassroots organizations that share the same goals of comprehensive community development. ■

Meet and Greet the New NCRC Members & Associates

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

MEMBERS:

Arkansas Fair Housing
Commission
LITTLE ROCK, AR

City of Baltimore
Small Business
Resource
BALTIMORE, MD

Community Action
Agency of Southern
New Mexico
LAS CRUCES, NM

Hawaii Alliance for
Community Based
Economic Dev.
(HACBED)
HONOLULU, HI

Housing Development
Fund
STAMFORD, CT

Housing Enterprise of
Central Alabama
BIRMINGHAM, AL

Inglewood
Neighborhood
Housing Services
INGLEWOOD, CA

Shirley Grigsby,
Student
INDIANAPOLIS, IN

Kevin Mathews,
Student
PATERSON, NJ

Marsha Wilson, Student
INDIANAPOLIS, IN

People and Technology
International
BERWYN, IL

The Arc of North
Carolina
GREENSBORO, NC

Topeka Human
Relations Commission
TOPEKA, KS

United for a Fair
Economy
BOSTON, MA

Valid Systems
FORTH WORTH, TX

Coalition News from Members Around the U.S.

NCRC Board Member Jean Ishmon received the Calumet Community Hero Award



Hammond, IN – The Calumet Project's Jobs and Justice Awards Banquet was held on November 17th at Knights of Columbus Hall where local community and labor activists were honored.

The Calumet Project is a 22-year-old grassroots labor-community-religious coalition dedicated to fighting for economic, social and environmental justice in Northwest Indiana, according to a written release.

The Jobs and Justice Awards are given to local leaders for their grassroots work on behalf of Northwest Indiana communities.

NCRC Board Member Jean Ishmon received the Calumet Community Hero Award for her dedication to justice and commitment to the people of Northwest Indiana. ■

Fund for an OPEN Society Reclaiming Integration

Maplewood, NJ – Integration, the ideal that once inspired an interracial movement to dream of a better America, has fallen into disuse and disfavor.

OPEN has launched an exciting outreach campaign entitled *Reclaiming Integration*.

Reclaiming Integration seeks to recapture both the power and spirit of the word — rekindling the passion for just communities and recognition of integration as a civil right. Communicating that passion through print media, web and video will involve many people. Participants will include, with participation from well-known people including actress and activist Ruby Dee Davis, David Brancaccio (host of PBS' NOW), historian Dr. Clement Price and corporate leader Kevin Lawrie (President, Latin Region, SONY BMG Music Entertainment) as well as everyday people from communities across the country.

A central piece of this campaign will be a book, scheduled for publication in the spring of 2007, in which contributors will share their vision for a better-integrated society. Scholars will provide additional context for the contributors' statements and suggest opportunities for advancement toward an integrated whole. ■



OPEN: Reclaiming Integration

SLIHC to Administer \$260,000 for Residential Modifications for Persons with Disabilities



Spokane, WA – The Spokane Low Income Housing Consortium (SLIHC) was recently designated to administer over \$260,000 that will be used to assist in financing accessibility modifications to residential units occupied by persons with disabilities with incomes at or below 80% of Area Median Income. The goal of the fund is to increase the supply of accessible housing in Spokane County.

The program is designed to provide financial grants of up to \$5,000 per unit or household to be used for financing accessibility improvements, such as installing ramps, widening doors, reinforcing walls in bathrooms to support grab bars, modifying fixtures, and installing visual safety alarm systems to assist persons with hearing impairments.

The Consortium will work with its members, as well as community organizations that represent people with disabilities, to publicize the availability of funds.

Committees will be formed to assist SLIHC to develop criteria—beyond eligibility—for funding, to create forms and processes for operating the program, and to select grantees. ■

Increased Funds Available to Help Minnesota Families Reach Their Goals



House



Education



Small Business

Hopkins, MN – Community Action Partnership of Suburban Hennepin (CAPSH) has expanded their successful program, Family Assets for Independence in Minnesota (FAIM), a savings match initiative to help low-income families. Thanks to funding from the Greater Twin Cities United Way, CAPSH has been able to double the size of the program and make it available to more families who are trying to save money for home ownership, higher education or starting a small business.

Community Action Partnership of Suburban Hennepin is a community action agency working in all of Suburban Hennepin County to improve the lives of low-income people. They offer services to individuals through outreach, energy assistance programs, homeownership services and financial counseling. Additionally, their Planning and Development department assists nonprofit and other service entities in becoming more effective. The department offers a variety of innovative services that are both responsive and adaptable to the organization's needs. These services include technical assistance, strategic planning, organizational support and community development. ■

New Topeka Citizens Forum on: Housing & Economic Development Issues Held on September 21st



Topeka, KS – The Topeka Human Relations Commission has always been an innovative and progressive entity. Topeka's Human Relations Commission was the first HRC in the United States to open a division to deal specifically with issues concerning the rights of the disabled. HRC's and Mayors' Offices around the US began to follow their suit to meet the mandates set by the US government's Rehabilitation Act of 1973, and Offices of the

Disabled were installed in cities throughout the country.

Now HRC has an overt concern for new residents from other countries that are moving into Topeka. HRC is turning a portion of its focus towards helping the City and its residents, old and new, to begin to find unique and plausible ways to address the human and civil rights for a portion of our population that is very vulnerable to all forms of exploitation and discrimination. HUD has given HRC money to produce an open a forum on Comprehensive Immigration Reform that will focus on Fair Housing and Economic Development issues. It is time to look at their city's future and insure that its growth is in a positive direction. ■

CDC of Long Island Promotes Eileen Anderson to Senior Vice President

Long Island, NY – Eileen Anderson has been promoted to senior vice president and has joined CDC of Long Island's Executive Management Group. In her new position, Ms. Anderson will continue to manage the organization's two NeighborWorks HomeOwnership Centers and will now oversee its not-for-profit mortgage broker business.



CDC of Long Island President

Marianne Garvin stated, "In her new role, Ms. Anderson will bring together two lines of business for CDC of Long Island: counseling and mortgage brokering. Combining these efforts will advance the organization's service delivery to clients and more effectively fulfill our mission." As a member of the Executive Management Group, Ms. Anderson will assist in charting the future direction of CDC of Long Island.

Ms. Anderson joined CDC of Long Island in 1993 as a case manager for its Family Self Sufficiency Program. Her responsibilities soon expanded. As vice president, Ms. Anderson extended the organization's programs and services that promote affordable and sustainable homeownership.

Ms. Anderson holds a BS in Social Work from SUNY at Buffalo and a Masters of Social Work from Adelphi University. She has participated in numerous professional training opportunities through NeighborWorks® that focus on homeownership education and counseling.

Community Development Corporation of Long Island is a not-for-profit organization whose mission is to marshal resources to extend participation in Long Island's version of "The American Dream" to people whose circumstances have precluded that participation. ■

Housing Development Projects Move Forward



Crown Redevelopment Project

Portland, OR – REACH is excited to have two projects underway that will add or preserve nearly 100 units of affordable housing. The development staff has been working hard to redevelop the *Crown Motel site* for mixed-use affordable housing and secure ownership of *McCuller Crossing*. The two properties have many similarities. Both are in N/

NE Portland in the Killingsworth area and a few blocks apart. They will provide a similar unit mix for working families and singles. Both are in the Interstate Urban Renewal Area and financed through the Low Income Housing Tax Credit (LIHTC) program.

REACH has applied for funding from Oregon Housing and Community Services to develop the project that is expected to be ready for occupancy between late 2008 and mid-2009 depending on funding.

REACH was established in 1982 by a group of community activists concerned about housing conditions in the Buckman neighborhood. Today, REACH provides affordable housing for over 1,000 people in the Portland metropolitan area. ■

WBDC Celebrated Their 20th Anniversary Entrepreneurial Woman's Conference & Buyers' Mart

Chicago, IL – The Women's Business Development Center (WBDC), celebrated their 20th Anniversary event offering women business owners the opportunity to increase the profitability of their businesses by building relationships with corporate and government buyers, business experts, and other women-owned businesses.

This year's conference was held on September 27 and 28 at Chicago's Navy Pier. Oprah Winfrey delivered the keynote address at the 20th Anniversary Entrepreneurial Woman's Conference on September 27.



Oprah Winfrey

Twenty years ago the Women's Business Development Center (WBDC) realized that their clients needed a forum to bring them all together to share their opportunities, struggles and successes, a place where they could network and gain advice, relationships, resources and encouragement. Thus, the Entrepreneurial Woman's Conference was born. ■

CAMEO Announces the Resignation of CEO



Catherine Marshall

Oakland, CA – Catherine Marshall announced her plans to resign from her role as CEO of CAMEO (California Association for Microenterprise Opportunity) effective December 31, 2006. Ms. Marshall says of her decision, "CAMEO has a strong staff and Board and an active membership of microenterprise programs and supporters. Over the past nine years we have worked together to build CAMEO into one of the most effective microenterprise development associations in the country. We are in an excellent position to attract a strong leader who will carry CAMEO to the next level." Ms. Marshall plans to continue to serve CAMEO on a consulting basis in the areas of public education and nonprofit capacity building.

Speaking for CAMEO's Board of Directors, Board Chair Marsha Bailey of Women's Economic Ventures said, "Under Catherine's leadership, CAMEO and the entire microenterprise development field in California have flourished. We are very pleased that Catherine will continue to work with CAMEO in a consulting role and that microenterprise practitioners will continue to benefit from her expertise." ■

Linda Singer to Become DC's Attorney General



Washington, DC – D.C. Mayor-elect Adrian M. Fenty named a pair of lawyers with broad backgrounds in social justice to become the District's top legal representatives: Linda Singer and Peter J. Nickles.

Linda Singer, Executive Director of Appleseed, a nonprofit organization dedicated to social causes, was chosen to become the city's attorney general. Peter J. Nickles, a senior counsel at Covington and Burling LLP who has performed significant pro bono work representing plaintiffs against the D.C. government, will be Fenty's general counsel.

At Appleseed, Singer oversees 18 offices with 70 staff members nationwide. If confirmed by the council, Singer would replace Robert J. Spagnoletti, who recently stepped down.

Fenty feels confident that Singer "knows the law and knows law firms and policy and best practices. She's the best person to ensure we have one of the best attorney general offices in the country." ■

Regulators Emphasize Need for Caution with Exotic/Toxic Mortgages

The federal banking regulators finally released guidelines on nontraditional mortgages this fall, and have continued to issue warnings about risky lending. Non-traditional mortgages include adjustable rate and interest-only mortgages that can entice borrowers with low initial payments. In the past year, concern has increased about exotic mortgages as adjustable rates have begun to reset and borrowers face higher costs. In addition, lenders have mass marketed exotic mortgages, meaning that large segments of the general population, including lower income consumers and borrowers of subprime loans, are now receiving these loans.

The new guidance, which came out at the end of September, focuses on interest-only and option adjustable rate mortgages (ARMs) and applies to banking companies and their subsidiaries and affiliates, but not to brokers or independent mortgage companies. Regulators highlighted that lenders need to ensure that loan terms and underwriting standards are in line with prudent lending practices. As urged by NCRC, the regulatory agencies also stated that lenders must consider a borrower's ability to repay based on the fully indexed rate rather than on the low introductory or teaser rates.

The guidelines also remind lenders to be aware that many of these products have not been tested during economic downturns, meaning that borrower payment timeliness must be monitored carefully for any early signs of trouble. Improved consumer disclosure was another main point of the guidelines. The guidelines recommend that lenders provide sufficient disclosure information so that borrowers can make well-informed choices while shopping for loans.

Regulators also recently took comments on proposed illustrations of consumer disclosures, which they plan to make available to lending institutions that are seeking ideas on how to clearly explain the implications of non-traditional loans to borrowers. NCRC submitted comments on the illustrations, emphasizing that the disclosures must be provided to borrowers early in the loan process.

After the guidelines were released, federal regulators have continued to warn against excesses associated with non-traditional lending, citing the recent increase in the easing of underwriting standards as a problem. An annual survey published in October by the Office of the Comptroller of the Currency (OCC) found that 34% of the banks surveyed were easing their home lending under-

writing standards. At the same time, the Federal Reserve analyzed the new 2005 mortgage lending data and found that piggyback lending (issuing first and second liens simultaneously to borrowers) has increased significantly. The increase of piggyback lending is another sign that borrowers may stretching their finances too much.

During recent public addresses, John Dugan, Comptroller of the Currency, and other regulators have emphasized the risks banks face if they continue to ease up on their underwriting standards. The Comptroller has also urged state regulatory agencies to apply guidance on non-traditional mortgages to independent mortgage companies and brokers exempt from federal regulation. In addition, the Federal Reserve Board and the FDIC are releasing separate education materials on exotic mortgages to help borrowers understand their mortgage options.

NCRC will continue to advocate on behalf of borrowers to ensure that regulators gain control of the growing trend of risky nontraditional mortgage products and will provide more information as it becomes available. For more information, contact the Research & Policy Department at (202) 628-8866. ■

Reinvestment



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® 21

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