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NATIONAL COMMUNITY REINVESTMENT COALITION

NCRC Reinvestment WORKS

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What An Obama Presidency Means for Working Families and Communities

Barack Obama's election sets the stage for a new and more vibrant America, built on hope for the future with the promise of change. His win is historic, not only because he is the first African American to serve as the President of the United States but also because his Administration heralds a new era of American leadership, government accountability, and social responsibility. Failed policies of the past have left our nation financially crippled, overextended, and in the worst economic state since the Great Depression.

The average income for American households has dropped by $2000 over the last seven years, nationwide unemployment is at 7.2%, and a growing number of Americans find themselves struggling to pay for their most basic needs.

The new Administration supports an economic recovery stimulus package that would likely exceed the $1 trillion-mark.

Obama's victory can be at least partly attributed to his platform for restructuring and improving the economy, and his plan to protect American homeownership in the wake of the foreclosure crisis.

The Obama-Biden plan to revitalize the economy includes:

- Immediate action to create good jobs in America
- Immediate relief for struggling families
- Direct and immediate assistance for homeowners

In an effort to take aggressive steps to jumpstart job creation and repair the economy, the Obama-Biden Administration proposes the following:

- **A new American jobs tax credit,** which is a temporary measure for companies that create jobs in the United States. During 2009 and 2010, existing businesses will receive a $3,000 refundable tax credit for each additional full-time employee hired.
- **An increase in the small business investment expensing limit to $250,000 through the end of 2009,** which will give small businesses an additional incentive to make investments and start creating jobs by providing temporary business tax incentives. (The February 2008 stimulus bill increased maximum Section 179 expenses to $250,000 but this expired in December 2008.)
- **A zero capital-gains rate for investments in small businesses,** which will eliminate all capital-gains taxes on investments made in small and start-up businesses.

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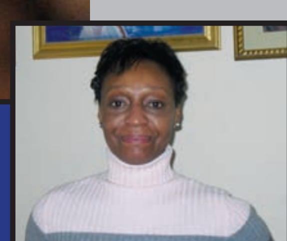

NATIONAL COMMUNITY REINVESTMENT COALITION NCRC

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Message from the President and CEO

America's working families and communities are suffering under the weight of a collapsing economy, massive foreclosures, and widespread unemployment. For the last two decades, NCRC has been a powerful voice for economic empowerment for low- to moderate-income groups, social responsibility for our elected officials and leaders, neighborhood stabilization in areas that need it most, and community revitalization through citizen action. In 2009, NCRC will work with the Obama-Biden Administration, Congress, and strategic partners across the country to put our country on a sound financial path in both the short-term and the long-term.

In December, NCRC partnered with USAction and dozens of community groups across the country to hold 30 Town Hall meetings in 30 cities during a nationwide Week of Action. These Town Halls were incredibly successful and featured local experts who presented the causes of the economic crisis and offered testimony about the impacts of the crisis in local communities. The week culminated with a call to action to public officials to put our country on sound economic footing and restore integrity to our financial system.

These events focused on solutions to the national economic crisis that included:

- Stemming the foreclosure crisis to promote neighborhood stabilization
- Creating jobs to rebuild the infrastructure in communities, especially low- to moderate-income
- Strengthening social safety nets to help working families

To prepare for the new Administration, NCRC has developed policy papers that center on the *Community Reinvestment Act* modernization, the need for comprehensive anti-predatory lending legislation, foreclosure remediation, financial system regulation, the creation of a cabinet-level civil rights enforcement agency, and small business lending. Moreover, these papers demonstrate NCRC's leadership in economic recovery for all Americans—from all communities—and refocusing the national agendas of Congress, elected officials in state and local governments, and the media on community investment and delivering infrastructure dollars to serve the needs of working Americans.

Existing instability and potential changes to the financial services sector, federal government priorities and resources, and regulatory alterations will affect lending and efforts to increase wealth in low- to moderate-income communities. It is in our collective best interests to contribute to the development and application of these resources, policy changes, shifts in national priorities, and a new regulatory structure.

As we tackle this crisis as a nation of concerned citizens united for change, NCRC believes that we must also create a financially inclusive society in which all segments of the population have fair and equal access to housing, responsible lending, and basic banking services, and that all communities, regardless of race or ethnicity, can receive responsible investments that promote community development and economic mobility.

NCRC is proud to partner with working families and communities in the long road ahead to economic recovery. With the help of our membership organizations across the country, our coalition can help rebuild communities devastated by the foreclosure crisis, one neighborhood at a time. ■

KEEPING HOMES AND NEIGHBORHOODS INTACT

"I'm not begging for anything…but I need help."

Lima is a small town in Northwestern Ohio, just north of Dayton and situated along Interstate 75. With a population of a little over 40,000, a passerby might think that this town would constitute one big extended family. But family is not a feeling that one of its residents feels — a resident who now faces foreclosure and the loss of the home and the dream in which she once believed.

Geraldine Manley, 51, is a mother of four — three boys and a girl — and a proud grandmother who helps raise her grandson. Nestled in a quiet community on the South side of Lima, she and her neighbors strive to make their subdivision a place of pride. She has won awards for the pristine upkeep of her home and yard and delights in creating a beautiful environment for her family. To make ends meet, she works three jobs, one at a local hospital as an EKG technician, and the other two as an in-house nurse for two elderly women.

However, because of the recent economic downturn, the ends that she made meet not that long ago are no longer on the same residential block or even zip code. She has fallen behind on her mortgage to the tune of $1,000 and her everyday living expenses and personal debt are mounting. Her family is struggling financially, and she doesn't have them to turn to for immediate relief to save her home. To make matters worse, her daughter, 21 and eager to join a sorority this semester, had to drop out of Central State University when she and her mom couldn't afford to take out additional parent and student loans.

Manley has always been responsible in paying her household bills, but estimates that her monthly expenses now outpace her monthly income sharply. On average, she earns approximately $2,500 per month in pre-tax income, but owes anywhere from $6,000-7,000 to cover her total living expenses, putting her at a steep deficit with each passing month.

Her mortgage payments are around $900, one for the principal amount and the other for a home equity line of credit, and each has a high interest rate, at 10.7% and 14.37% respectively. However, according to Manley, these payments were affordable and she made paying her mortgage a priority. That's why she was puzzled when she learned from her mortgage carrier that she was more than $1,000 past due on her mortgage payments.

"I felt a little bit humiliated," Manley said, who immediately scheduled an appointment with her mortgage carrier when she learned she

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NCRC Announces the Successful Launch of the Save the Block Party! Initiative

Last September, NCRC held its first Save the Block Party! events to help families who have been negatively affected by the ongoing housing crisis. Save the Block Party! was held in Prince George's County, Maryland, at Watkins Regional Park and in Fairfax, Virginia, at the Fairfax County Government Center. There were more than 700 participants through pre-registration and attendance for both events. Families not seeking help with their mortgages also attended.

Save the Block Party! was designed to ensure that homeowners were aware of available service providers and mortgage counselors who could help them avoid unnecessary foreclosures and explore alternative solutions. Homeowners received a range of services, including foreclosure prevention counseling, direct intervention through the restructuring and refinancing of loans, and loan pre-qualification for new homeowners.

"Many of the families who sought help from our Save the Block Party! initiative were stuck in loans that were not suitable for their credit needs. Families came who are facing foreclosure, but have been unable to obtain meaningful modification or workout of their problem loan," said John Taylor, NCRC president and chief executive officer.

"Most foreclosure prevention programs have focused on individual consumers and as a result, have not provided assistance in ways that maximize the impact that could be secured through a more concentrated and focused geographic approach. We believe this block-by-block, door-to-door approach will have a significant and sustained impact on homeowners and communities. People in crisis situations need someone they can trust working on their behalf," said Taylor.

Save the Block Party! brought together different segments of various communities all with the same goal in mind: Working together to keep families in their homes. ■

Letter From the Editor

Dear Readers,

Reinvestment Works has fresh approaches and exciting ideas regarding the direction of our newsletter in 2009. *Reinvestment Works* will continue to serve as a forum for community investment news and feature national policy analyses of various topics in community reinvestment and neighborhood revitalization. It will also continue to highlight public events and developments from our member organizations and affiliates when they share their stories, challenges, and successes in their regions with our readers. Going forward, *Reinvestment Works* will evolve into a broader platform for our coalition's national discourse on community empowerment and economic mobility.

This special edition features a section titled "Keeping Homes and Neighborhoods Intact," which is a new column that will focus on an individual or family who is facing foreclosure.

This edition's "Keeping Homes and Neighborhoods Intact" column introduces Geraldine Manley, a 51-year-old grandmother from Lima, Ohio, who works three jobs, has fallen behind on her mortgage, and is quickly running out of options to save her home. NCRC will follow her story in the weeks to come and report on her progress in future editions.

This new section will bring a unique voice to *Reinvestment Works* and focus national attention on the everyday lives of our member organizations and the consumers and communities we represent.

This edition also includes articles on economic recovery, the NCRC civil rights complaint against two credit rating agencies, updates on Community*Express*, NCRC research, nationwide Town Hall events, and our upcoming conference titled "The Roadmap to a Financially Inclusive Society."

Thank you for your continued support of NCRC and *Reinvestment Works.*

Sincerely,

D'An Hagan, *Editor-in-Chief*

Income Is No Shield Against Differences in Lending II

NCRC's July 2008 study "Income Is No Shield Against Differences in Lending II" reveals persistent racial disparities in high-cost lending and a disproportionate distribution of foreclosure-prone loans extended to minorities.

This study is a continuation of NCRC's 2006 report of the same title that focused on continuous racial disparities in lending, even after controlling for income.

The study examined prime and high-cost lending patterns for more than 200 metropolitan areas in the US, as reported under the *Home Mortgage Disclosure Act* (HMDA) data from 2006, the most recent publicly available data. High-cost loans comprise the riskiest and most poorly underwritten home mortgages, millions of which have fallen into foreclosure in the last few years.

Strikingly, the report shows that not only are minority consumers, regardless of their income, most at risk of receiving high-cost home mortgage loans but also that racial differences in lending in the majority of metropolitan areas studied become more pronounced as the borrower's income increases.

Lending disparities for African Americans and Hispanics increased significantly as income levels increased. During 2006, middle- and upper-income (MUI) African Americans were at least twice as likely to receive high-cost loans as MUI whites in 155 (or 71.4%) of the metro areas analyzed. Similarly, MUI Hispanics were at least twice as likely to receive high-cost loans as MUI whites in 22.5% of the areas included in this analysis.

In comparison, while low- and moderate-income (LMI) minorities were more likely to receive high-cost loans than LMI whites, these disparities were less pronounced than those in MUI borrowers. Namely, LMI African Americans were at least twice as likely to receive high-cost loans as LMI whites in 87 metro areas (or 47.3% of the metro areas analyzed). Furthermore, LMI Hispanics were at least twice as likely to receive high-cost loans as LMI whites in only 4.9% of the areas analyzed in this study.

The study also examined racial and ethnic disparities in rural areas of states. States along the East coast had the highest disparities in home lending to African Americans in rural areas. Lending disparities in rural areas of South Carolina, North Carolina, and Maryland were especially pronounced when comparing African Americans with their white counterparts of comparable income. Lending disparities were also pronounced for Hispanics in rural areas of Colorado and Connecticut.

A considerable amount of high-cost lending that is not explained by differences in income levels unnecessarily impedes wealth-building in minority communities and harms the overall economy. High-cost loans have been shown to contribute to the current foreclosure crisis by eliminating hundreds of millions of dollars in mortgage equity. "Predatory lending destroys the dreams of hard-working American families, wipes out community wealth, and can set back neighborhood economic development efforts by ten or 20 years. Policymakers need to take vigorous actions to outlaw unsafe and unsound lending, which is not only a critical consumer protection measure but also a community economic development measure," asserts Josh Silver, NCRC vice president of research and policy. The overwhelming and unjustified prevalence of high-cost lending in minority communities suggests systematic discriminatory behavior in the mortgage-finance market, which can be substantiated using creditworthiness data from NCRC's "Broken Credit Report" and information from the Center for Responsible Lending and the Federal Reserve.

NCRC issued several recommendations for addressing racial disparities in lending. These recommendations included updating the *Community Reinvestment Act* (CRA) so that it applies to non-bank institutions such as mortgage companies, and requiring that CRA exams explicitly examine lending to minorities. Federal Reserve research has shown that CRA has narrowed racial disparities in lending. This suggests that applying CRA more rigorously to banks and financial institutions should reduce discriminatory practices in lending. Furthermore, NCRC has called on Congress to pass a strict anti-predatory lending bill that prohibits steering minorities who qualify for prime loans into higher-cost loans.

For more information on this study and to obtain a copy, please visit our Web site (www.ncrc.org) or call our Research Department at 202-628-8866.

The top 20 areas where overall racial disparities were most pronounced include (in ranked order, with the number one city having the most significant overall racial disparity):

1. Milwaukee-Waukesha-West Allis, WI
2. Minneapolis-St. Paul-Bloomington, MN
3. Huntsville, AL
4. Ann Arbor, MI
5. Hartford-West Hartford-East Hartford, CT
6. Bridgeport-Stamford-Norwalk, CT
7. Greenville, NC
8. Philadelphia, PA
9. Essex County, MA
10. Durham, NC
11. Raleigh-Cary, NC
12. Dayton, OH
13. Birmingham-Hoover, AL
14. Fort Wayne, IN
15. Cleveland-Elyria-Mentor, OH
16. Roanoke, VA
17. Rochester, NY
18. Harrisburg-Carlisle, PA
19. Lubbock, TX
20. Warren-Troy-Farmington Hills, MI

NCRC Joins the Combined Federal Campaign of the National Capital Area

The National Community Reinvestment Coalition is currently participating for the first time in the Combined Federal Campaign of the National Capital Area (CFCNCA). CFCNCA is the largest federal employee giving campaign among the 200 smaller campaigns in the mid-Atlantic area and reaches more than 350,000 potential federal donors. Last year CFCNCA raised more than $60 million from federal employees. NCRC joins more than 4,000 organizations expected to participate in CFCNCA's 2008 campaign.

Beginning September 1, 2008, federal employees may pledge to NCRC through direct payment or by payroll deduction. CFCNCA is the world's largest and most successful annual workplace charity campaign, and comprises more than 300 combined federal campaigns nationally and internationally to help raise millions of dollars each year. Pledges made by federal civilian, postal, and military donors during the campaign season support eligible non-profit organizations that provide health and human service benefits throughout the world.

"The campaign is an excellent opportunity for federal employees to lend their generous support to worthwhile causes each year," said Kevin Cowl, NCRC executive vice president. "As NCRC and other organizations tackle the ongoing foreclosure crisis, this campaign could offer a critical form of support. As an active participant of the Combined Federal Campaign of the National Capital Area, NCRC hopes that federal employees will support our work and our mission through their donations."

NCRC's designation number is **12361**. Interested donors should visit our Web site (www.ncrc.org) to access information on all of our activities. For more information about the CFCNCA and to make a donation, visit www.cfcnca.org.

NCRC Report Analyzes Lending Performance of Major Lenders in New Orleans

When the Louisiana Disaster Relief Foundation (LDRF) invited NCRC to conduct local lending research and train its grant recipients in June 2008, the political landscape was different than that of most communities. Hurricane Katrina brought New Orleans' socio-economic disparities to the forefront of the national consciousness.

NCRC's biggest challenge was brainstorming the most effective use of data analysis and member assistance to bring value to those rebuilding the region. NCRC decided on a two-part strategy for its New Orleans efforts. First, NCRC generated a report investigating the performance of the major banks in New Orleans that listed New Orleans as their *Community Reinvestment Act* (CRA) assessment area. These criteria were carefully selected to complement the second part of the strategy, which was to train grant recipients to hold banks accountable for CRA performance.

In the aftermath of Hurricane Katrina, the city of New Orleans and the Gulf region devastated by the storm needed banks to assume a major role in offering loans and investments for rebuilding housing, stimulating small business growth, and revitalizing communities. Therefore, NCRC's study assesses the extent to which major local and regional lenders have assumed this critical role.

The report examines home and small business lending practices, as well as bank branch locations, of ten major lenders in the area that have direct CRA responsibilities to New Orleans. Under CRA, banks have the affirmative and continual obligation to serve the credit needs of low- and moderate-income (LMI) communities.

The report findings point to some significant racial disparities in access to market-rate loans. Namely, African Americans were more than two-and-a-half times more likely to receive high-cost home loans than white borrowers in the area, and more than twice as likely to be denied a loan as compared with their white counterparts.

NCRC used the performance of all lenders in New Orleans as a standard by which to measure the ten major banks' home and small business lending performance. NCRC's study pinpoints areas for improvement in the ten major banks' home and small business lending patterns since the study finds that most banks lagged behind the all lenders' standard for home lending to African Americans and LMI borrowers, as well as LMI neighborhoods and predominantly minority tracts. Similar results were found in small business lending where significantly enhanced efforts are needed to boost small business development, especially in LMI neighborhoods.

Finally, NCRC's study reveals that bank branch presence by itself does not directly translate into superior home and small business lending performance to traditionally underserved communities. Instead, a product mix is required at bank branches that is tailored to meet the needs of underserved communities that can be effectively used by LMI and minority borrowers.

NCRC issued a number of recommendations in the study. NCRC suggested that the city of New Orleans:

- Adopt a strategy similar to Philadelphia's requiring banks that receive municipal deposits to issue CRA goals specifying the number of loans they will make to minorities, low- and moderate-income borrowers, and women.
- Encourage community organizations to comment on bank's CRA exams and merger applications, and seek collaborative partnerships with banks aimed at increasing their prime lending to traditionally underserved borrowers.
- Conduct regular studies similar to NCRC's that motivate banks to improve their CRA performance.

This report provides one tool for community groups to use to illustrate the discrepancies in community lending, investment practices, and customer service. It is unlikely that disparities in the New Orleans financial systems will lessen without proactive measures by community groups, elected officials, regulators, and the financial systems themselves. At the training in June, LDRF grant recipients responded to the results of the report and then discussed their communities' needs and individual goals as organizations.

At press time, some organizations had decided to start participating publicly in CRA performance evaluations by regulators.

Bringing about change to a system of discrimination and racial disfranchisement is often hard to begin and a long road ahead. However, information, resources, and, most important, public involvement can increase accountability for banks and regulatory agencies. This helps ensure fairer lending practices and financial opportunities for the traditionally marginalized and underserved. NCRC plans to support efforts to revitalize all areas of New Orleans damaged by Hurricane Katrina, and not just those of heavy tourism or middle- and upper-class wealth. Community reinvestment in one of America's most vibrant cities will restore a sense of equality and economic prosperity to a region still regrouping and rebuilding three years after the storm. Together, community organizations can work with elected officials and local banks to establish fair lending standards that close the gap on financial disparities across minority groups and are in the best interests of social empowerment and economic advancement in the city of New Orleans at-large. ■

CRA and Fair Lending Analysis of Major Lenders in the District of Columbia

In a joint effort with other non-profit organizations, NCRC contributed to releasing a study, "Subprime Mortgage Lending in the District of Columbia," which was prepared for the Department of Insurance, Securities and Banking.

The District of Columbia has a tangible opportunity to influence overall lending trends in the District and bolster product choice through its relationships with banks that receive municipal deposits. This study finds that 42% of all prime loans made in DC during 2006 were from banks receiving District deposits. This large market share of the District depositories means that influencing their lending patterns may change overall access to credit for District residents.

This study also finds that working minority borrowers received a disproportionate amount of subprime loans in the District of Columbia. A disproportionate amount of subprime lending leaves communities vulnerable, as the absence of vigorous competition creates opportunities for unfair and deceptive high-cost lending. District depositories, which were found to have a larger market presence in the prime market rather than the subprime market, are well-equipped to increase their prime lending to minorities, women, and low- and moderate-income borrowers.

"Subprime Mortgage Lending in the District of Columbia" is available through our Research Department. Call 202-628-8866 for more information. ■

NCRC Files Civil Rights Complaint Against Fitch and Moody's

NCRC filed a discrimination complaint November 18, 2008, with the US Department of Housing and Urban Development (HUD), Office of Fair Housing and Equal Opportunity against two of the nation's leading credit rating agencies. The complaint seeks to obtain relief for consumers and communities harmed by Fitch, Inc., (Fitch) and Moody's Investors Service (Moody's) allegedly discriminatory, negligent, and culpable behavior that contributed to crises in the mortgage and credit markets.

NCRC alleges that the rating agencies substantially contributed to the housing and foreclosure crisis in African-American and Latino communities by making public misrepresentations about the soundness and reliability of subprime securities' ratings. Fitch and Moody's failures harmed the communities served by NCRC, the complaint asserts, because they fueled imprudent mortgage lending and irresponsible secondary market purchases of the loans contributing to high-default and foreclosure rates in violation of the *Fair Housing Act*. As a result of the foreclosure crisis, $164-200 billion of wealth will be lost from minority communities, according to estimates by United for a Fair Economy.

"Reckless and irresponsible lending has restricted housing opportunity for countless African-American and Latino families who have already lost their home or are now in jeopardy of foreclosure," said John Taylor, president and CEO of NCRC. "The rating agencies put their highest rating on hundreds of billions of dollars of securities backed by subprime mortgages. The Emperor had no clothes, and yet the rating agencies continued to say he was dressed in his Sunday's finest."

Business impropriety and reckless behavior contributed to the foreclosure crisis, and some market players clearly knew their actions were creating a potential market crisis. A Securities and Exchange Commission Report recently found that in December of 2006 one analytical manager at a prominent credit rating agency wrote to another senior analytical manager to say "let's hope we are all wealthy and retired by the time this house of cards falters."

"There is no legitimate business justification for discriminatory conduct," stated David Berenbaum, executive vice president of the NCRC. "Respondents reaped millions of dollars in fees for assigning ratings to securities backed by subprime mortgages. "

NCRC will consider civil litigation if HUD does not adequately address the issues raised in the complaint through investigation or conciliation of the filing.

Copies of the civil rights complaint are available on our Web site at www.ncrc.org. For questions regarding the civil rights complaint, please contact David Berenbaum at 202-628-8866, or by e-mail at dberenbaum@ncrc.org. ■

NCRC Calls for a Cabinet-Level Civil Rights Enforcement Agency Before Independent Commission

Established by the Leadership Conference on Civil Rights Education Fund, the National Fair Housing Alliance, the NAACP Legal Defense and Educational Fund, and the Lawyer's Committee for Civil Rights Under Law, the National Commission on Fair Housing and Equal Opportunity (the Commission) held independent hearings in five major cities across the nation to address the state of fair housing four decades after the passage of the *Fair Housing Act* of 1968. The Commission was co-chaired by Henry Cisneros and Jack Kemp, both former secretaries of the US Department of Housing and Urban Development (HUD).

Jim Carr, NCRC chief operating officer, testified at one of the hearings on the need for across-the-board measures to stamp out discrimination in housing, education, health care, transportation, financial services, and other arenas that are critical to socio-economic advancement for people of color. "Discrimination is irrational and counterproductive to the common good of the nation. It stifles human potential, undermines the economic and social well-being of communities, and limits the nation from reaching its full potential as an inclusive and competitive society," Carr stated.

In his remarks, Carr added that the proliferation of discriminatory lending practices in communities of color are at the center of the current foreclosure crisis, and that the subprime market disproportionately targeted African-American and Latino communities for unfair and deceptive loan products and lending practices.

"The lack of basic consumer protections combined with failure to enforce equal credit opportunity laws allowed predatory lending to flourish, initially in minority communities, and later in non-minority neighborhoods," Carr asserted. "Had these practices been purged from the credit markets a decade ago, America would not be suffering from the collapse of the housing market, destabilization of the financial system, and declining national economy."

Carr stated that fully 40 years after the passage of the *Fair Housing Act* of 1968 and other major civil rights laws, discrimination remains a critical problem in America. He added that a major part of the problem is a lack of funding to enforce civil rights laws. Other problems include a lack of appropriate coordination among various agencies responsible for enforcing civil rights and a lack of sufficient political stature at the federal administrative level. "Because of multiple contributing factors that limit the effectiveness of civil rights laws, the creation of a cabinet-level civil rights enforcement agency is essential," contends Carr.

Carr testified that the civil rights enforcement agency would end discriminatory practices in the public and private sectors and promote financial inclusion and racial and cultural equality, opportunity, and diversity through coordinated government efforts.

As proposed, the new civil rights enforcement agency would not replace the civil rights responsibilities of other federal and state agencies, but would develop a strategic plan to work in partnership with all federal departments and agencies to coordinate civil rights enforcement. And when departments or agencies fail to carry out civil rights enforcement mandates, the new agency would step in to enforce their mandates.

This new agency would also create public service campaigns and multicultural marketing materials to educate racially diverse working communities on the growing need to promote fairness and equal access to socio-economic opportunity.

"The cornerstone of democracy is equality, and the only way to ensure equal rights is to enforce the law," Carr testified. Carr pointed out that "America has a long and complex history of housing discrimination, fully supported by public policies and laws…that have included the doctrine of 'separate but equal' and Jim Crow era restrictive covenants that began the process of isolating African Americans from white communities more than a century ago."

A unique aspect of Carr's testimony is that it underscores that achieving equality is increasingly critical for America's global competitiveness. "As minority households grow as a share of the nation's population, they will grow as a percentage of America's labor force. Their ability to compete effectively in a growing knowledge economy is essential for the advancement of the entire American workforce, and in this context, every American needs to be a competitive and contributing member to the national economy," said Carr.

Carr also expressed the need to recommit to ending poverty and refocus public policy to address the nation's economically unstable working individuals and families as a way to close the racial and ethnic divide.

To read Carr's full testimony before the National Commission on Fair Housing and Equal Opportunity, visit www.ncrc.org. ■

What An Obama Presidency Means for Working Families and Communities

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- **Immediate investments in America's infrastructure to repair roads and bridges, and fund public schools to save one million jobs.** The Obama-Biden emergency plan would create a $25 billion Jobs and Growth Fund to help ensure that in-progress and fast-tracked infrastructure projects are not sidelined, and that public schools can meet their rising energy costs and make essential repairs. This infrastructure-focused spending is necessary to stem growing budget pressures on infrastructure-based projects, and will result in one million jobs created or saved.
- **A partnership with America's automakers to help save jobs and ensure that the next generation of clean vehicles be built in the United States.**

During 2000-2007, the typical non-elderly household experienced an income decline of more than $2,000. Weekly wages, adjusted for inflation, are now lower than they were ten years ago.

The Obama-Biden plan offers immediate relief for struggling families and includes:

- **A tax cut for 95% of workers and their families, as well as seniors,** which will be a permanent tax cut of $500 for workers and $1,000 for families.
- **Extended unemployment insurance benefits and temporarily suspended taxes on these benefits.**
- **Penalty-free hardship withdrawals from IRAs and 401(k)s in 2008 and 2009.**
- **Additional funds to counteract high heating costs this winter.** As part of the $25 billion state fiscal relief package, the Obama-Biden Administration will call for supplementing the recently passed LIHEAP funding to ensure that cold-weather states can cushion the impact of rising energy prices.
- The Obama-Biden Administration plans to provide direct relief to homeowners in an effort to help them pay their mortgages, remain in their homes, and avoid tax increases. The new Administration plans to accomplish this by offering direct and immediate assistance for homeowners, and not a bailout for irresponsible mortgage lenders.

The Obama-Biden plan provides homeowners much-needed relief by:

- **Instructing the Secretaries of the Treasury and Housing and Urban Development to use their existing authority to aggressively modify the terms of mortgages:** The Obama-Biden Administration will work with state housing agencies to coordinate broad-scale mortgage restructurings based on the HOPE for Homeowners Act passed in the summer of 2008.
- **Reforming the bankruptcy code to assist homeowners and remove legal impediments to encouraging broader mortgage restructuring:** The Obama-Biden Administration will call for legislation to close the loophole in the bankruptcy code that allows bankruptcy judges to modify the terms of mortgages on investment properties and vacation homes but not on primary residences. The Administration also supports legal protections for mortgage servicers who work struggling homeowners to clarify the legal liability for these servicers.
- **Enacting a 90-day foreclosure moratorium for homeowners who are acting in good faith to pay their mortgages:** This will help create stability until the more far-reaching solutions are developed and implemented.
- **Providing $25 billion in state fiscal relief to help avoid property tax increases,** which will help states provide essential services such as education, health care, the police force, and the fire department, without imposing stifling increases in taxes or fees.
- **Creating a universal mortgage tax credit for homeowners:** This credit will help offset the cost of mortgage payments for at least 10 million middle-class homeowners.

NCRC has consistently stated that the current financial crisis cannot be completely resolved until a comprehensive foreclosure prevention program is established to restructure high-cost loans and create sustainable homeownership for working and moderate-income communities. Federal legislation to prevent unfair and otherwise predatory lending is imperative for the prevention of another economic crisis of this magnitude in the future.

Voters elected Barack Obama because he convinced the majority of Americans that change is long overdue and that public policies and federal funding must be redirected to meeting the needs of low- to moderate-income communities and away from meeting the wants—disproportionately—of the wealthy.


NATIONAL COMMUNITY REINVESTMENT COALITION
NCRC
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NCRC 2009 National Conference
Roadmap to a Financially Inclusive Society

It's conference time again! NCRC has begun its planning for the 2009 National Conference titled "Roadmap to a Financially Inclusive Society." The 2009 conference will be held at the Washington Court Hotel, which is a new venue located on Capitol Hill only three blocks from the Capitol Building and two blocks from Union Station.

Be sure to join NCRC and leaders from business, government, community non-profit organizations, the media, and academia March 11-14, 2009, in Washington, DC, for cutting-edge dialogue and hands-on trainings, workshops, plenaries, and topical sessions centered on issues affecting America's communities.

In addition to workshops, this year's conference will feature:

- A welcome and orientation for both current and new members
- A Capitol Hill visit for NCRC members to meet with their Congressional leaders
- A members' luncheon on Capitol Hill
- A daylong forum devoted to establishing a "Financially Inclusive Society," workshops dedicated to economic recovery topics, film screenings of documentaries focused on economic equality, community empowerment, and financial inclusion, and an awards dinner.

Visit the NCRC Web site at www.ncrc.org and click on the 2009 Annual Conference button to register for our upcoming conference.

We look forward to seeing you there! ■

FDIC Releases Major Loan Modification Proposal

The loan modification proposal released by the Federal Deposit Insurance Corporation (FDIC) is a substantial effort put forth by a member of the previous Administration, and shows a clear understanding of the immediate need to address millions of home foreclosures in order to stabilize the housing market and avoid a deepening recession.

"It is clear that existing loan modification efforts have not worked. Chairman Bair's proposal has the potential to have an impact of the size and scope necessary to get ahead of the foreclosure crisis and put the economy back on its moorings," said John Taylor, president and CEO of NCRC. "The new Administration needs to get behind a meaningful proposal to address home foreclosures. Repeated announcements that offer no meaningful foreclosure prevention strategy undermine the credibility of the Treasury Department."

The Treasury Department has not used its authority under the *Emergency Economic Recovery Act of 2008* to purchase loans and encourage their modification. Despite widespread agreement by financial experts that home foreclosures must be addressed in an effort to stabilize the financial system, the previous Administration continued to pursue a costly liquidity-only intervention — pumping billions of dollars into financial institutions. This lopsided approach will not work without concurrent efforts to restore the housing market by reducing foreclosures.

In support of the FDIC proposal, NCRC offered the following suggestions that could improve the proposal's effectiveness:

- The FDIC proposal requires that a borrower must have missed at least two payments. This is a step in the right direction, but the agency should consider guaranteeing loans in which borrowers are current, but will be unable to afford their mortgage in the future.
- Under the proposal, lenders should reduce monthly payments by focusing on interest rate cuts. Lenders can also use repayment plans or extend the life of the loan to make the loan affordable. While this approach appears to have had success under the IndyMac loan modification program pursued by the FDIC (in which more than 70% of loans were modified with an interest rate reduction), it is not clear that the government would be able to force lenders to pursue interest rate reductions as opposed to repayment plans or loan extensions.
- The proposal allows for a loan repayment plan — potentially increasing interest rates and monthly payments for homeowners— but would not reduce the principal amount. In cases in which a lender issued an irresponsible loan, a repayment plan or extension on the life of the loan will codify the predatory features of the loan, requiring the borrower to pay back the full amount. Lenders should be held responsible for those loan faults — such as inflated appraisals or abusive penalties and fees — that have contributed to making the loans unsustainable.
- The proposal requires that lenders restructure loans such that families spend no more than 31% of their monthly income on their mortgage. This is a reasonable approach, but it is not clear that lenders will be able to go that far on many loans without a principal

NCRC CRA Briefing on Capitol Hill a Success

NCRC held a *Community Reinvestment Act* (CRA) House Congressional Briefing November 18, 2008, in collaboration with ten national organizations, including the Center for Responsible Lending; Demos: A Network for Ideas & Action; Enterprise Community Partners; the Leadership Conference on Civil Rights; the Local Initiatives Support Corporation; the National Council of La Raza; the National Fair Housing Alliance; the National Low Income Housing Coalition; and the Opportunity Finance Network.

More than 30 Congressional staffers RSVPed for the event, and more than 60 people attended, with standing room only during most portions of the briefing.

Chairman Barney Frank was the Honorary Host of the briefing and Majority Leader Steny Hoyer sponsored the room. Congressman Keith Ellison agreed to be the moderator for the briefing, but his legislative director moderated the event in the Congressman's place because of travel challenges. The panel consisted of David Berenbaum, executive vice president of the National Community Reinvestment Coalition; Debbie Bocian, senior researcher at the Center for Responsible Lending; Michael Griffin, senior vice president at Key Bank; and Rob Randhava, policy counsel at the Leadership Conference on Civil Rights.

NCRC distributed a CRA informational packet, which included Berenbaum's briefing remarks, the CRA joint statement that more than 200 organizations signed onto, other educational CRA documents, and Key Bank's PowerPoint presentation.

Congressman Mike Castle and his chief of staff kicked off the question-and-answer portion of the briefing, which led to a great discussion on CRA-related issues.

NCRC plans to work in partnership with the 111th Congress to ensure the expansion of CRA. There will be an NCRC CRA Senatorial Congressional Briefing tentatively scheduled for February. ■

WEEK OF ACTION

The Road to Economic Recovery

America is in need of a new direction regarding the financial crisis and road to economic recovery. A failure to provide adequate regulatory protections against market misbehavior is the overwhelming cause of this crisis. The result has been millions of home foreclosures across America that have crippled the financial system and triggered a potentially deep and protracted recession.

The effects of the current crisis can be felt at every level, in nearly every community across America. Resolving this crisis now requires interventions including foreclosure mitigation, employment, and a range of social services and supports.

Putting the country on a sound financial path is essential to creating a balanced and sustainable economy that serves the needs of all Americans. The immediate steps necessary include the following:

Contain the current foreclosure crisis and enhance consumer protections

- Require the US Treasury Department to pursue a meaningful broad-scale loan modification program that would make loans entering foreclosure affordable in the long-term.

- Reform the bankruptcy code to allow for the modification of debt on a primary residence. This would allow up to 600,000 families to avoid foreclosure at no cost to the taxpayer.

- Enact tenant protections to ensure that renters do not lose their residence because of foreclosure proceedings against their landlord.

- Enhance spending on rental housing, particularly for low-income families, to avoid an increase in homelessness.

- Purge the unfair, and deceptive, or otherwise predatory lending practices that led to the current crisis. This would help avoid a future financial crisis and restore integrity to the housing finance market.

Promote infrastructure projects that create jobs and rebuild communities

- Invest in the nation's deteriorating and under-maintained infrastructure as the key approach to expanding employment.

- Promote neighborhood stabilization by investing in areas that have the greatest employment needs and have been most heavily damaged by the foreclosure crisis.

- Leverage infrastructure spending, where possible, to promote long-term employment through strategic investments in clean energy technologies and related environmental jobs. This should include vigorous job training and skills retooling.

Provide targeted financial assistance

- Approve a temporary increase in food stamp benefits (Supplemental Food Assistance Program) to help immediately those hardest hit by the economic recession.

- Make funds available to state governments to support needed social services. Forty-three states face budget shortfalls. Most of those states closed this gap through decreases in funding for public health, education, and programs for elderly individuals and those with disabilities.

NATIONAL COMMUNITY REINVESTMENT COALITION NCRC

US ACTION

Week of Action Town Hall Updates!

NCRC and USAction's nationwide Town Hall events have been a tremendous success! In more than 30 cities across the country, local leaders and community groups have called on Congress to enact solutions to the economic crisis that focus first on stabilizing neighborhoods, including more effective foreclosure prevention efforts.

In Davenport, IA, Mayor Bill Gluba said, "We need to raise this issue and put it on the front burner of Congress. Lobbyists have made sure that Wall Street is helped, but too few voices are speaking out for Main Street." The Mayor said that Congress had to help "keep our neighborhoods stable and not have them replete with vacant and abandoned houses that cause erosion in neighborhoods." The meeting in Davenport was attended by US Senate and House Congressional staffers, community leaders, and city council members.

For a county-wide meeting in Mt. Vernon, NY, Veronica Raphael, director of foreclosure prevention with Westchester Residential Opportunities said that loan modifications were happening too slowly and were not sustainable. "Streamlined loan modification programs are not making the payment sustainable for homeowners. We see homeowners dip back into foreclosure shortly after receiving a loan modification. This is threatening the stability of whole neighborhoods."

In a local meeting in Washington, DC, Dorothy Height, long-time head of the National Council of Negro Women (NCNW), told a packed house that the economic crisis has affected everyone, and praised community leaders for working together to move forward in offering effective solutions. "We cannot restore the solvency of American families or of this nation until we aggressively face and resolve America's foreclosure crisis," said Avis Jones-DeWeever, research director at NCNW.

To date, federal policy has focused almost exclusively on the symptoms of the crisis and not its cause. The Treasury Department is reportedly discussing a plan to expand home purchases by using Fannie Mae and Freddie Mac to lower interest rates to 4.5%. The plan would not allow struggling borrowers at risk of foreclosure to refinance into affordable loans. Such an approach is not likely to help the housing market or boost the economy.

"This is like giving steroids to an injured athlete," said John Taylor, president and CEO of the National Community Reinvestment Coalition. "The previous Administration kept trying to pump up the credit markets without addressing the injury. The damage to the credit markets has been overwhelmingly caused by the home foreclosure crisis. Failure to address the underlying cause of the crisis will likely mean continued bailouts, rising unemployment and a deeper recession."

Locations That Held Road to Economic Recovery Town Hall Meetings:

Birmingham, AL	Chicago, IL	Westchester, NY
Phoenix, AR	Evanston, IL	Cincinnati, OH
Denver, CO	Boston, MA	Columbus, OH
Bridgeport, CT	Baltimore, MD	Bucks County, PA
Stamford, CT	Royal Oak, MI	Nashville, TN
Washington, DC	Minneapolis, MN	Dallas, TX
Davenport, IA	Durham, NC	Irving, TX
Des Moines, IA	Bismarck, ND	Forth Worth, TX
Boise, ID	Concord, NH	Seattle, WA
Idaho Falls, ID	Newark, NJ	

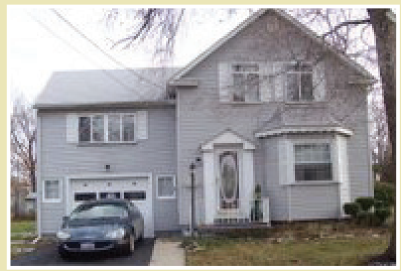
KEEPING HOMES AND NEIGHBORHOODS INTACT

"I'm not begging for anything…but I need help."

continued from p. 2

had somehow "fallen behind" on her payments. "I never missed a payment," she insists.

When Manley met with her mortgage carrier, that's when the harassment began. After learning that she did not qualify for loan modifications because her current interest rates were the lowest the carrier could go, and that her mortgage carrier would not accept partial payments on the mortgage amounts, Manley reports being verbally attacked by the manager at the mortgage company, who then followed her to the parking lot and demanded forcefully that she pay what she owed on her past due mortgage. According to Manley, the mortgage manager told her that he would continue to pursue her until she caught up on her mortgage, and even threatened to send her information to a collection agency. The company even went so far as to send a representative to the Manley house who left a note on her door requesting that Manley seek mortgage counseling to repay what she owed. Her daughter was home at the time, and the presence of the representative on their porch upset her.



Troubled that the mortgage company to which she had faithfully paid each month and had been with for almost 11 years so quickly harassed her over a missed payment, Manley sought outside help to resolve her mortgage dispute. She met with a consumer credit counseling group which recommended that she file for Chapter 7 or Chapter 13 bankruptcy. Unwilling to forever blemish her credit report and alter the financial stability she had diligently shaped with her mortgage company for more than a decade, Manley refused to take such a drastic step to prevent foreclosure. Also, since she was only $1,000 past due on her mortgage, the consumer credit counseling group estimated that hiring a bankruptcy attorney would cost Manley about $2,000, which would be more than enough to catch up on her mortgage and prevent bankruptcy filings altogether.

"I've been paying my taxes and am entitled to assistance," Manley contends. After learning that bankruptcy might be the only option because of her mounting expenses, and frustrated from the run-around she got from other consumer groups with which she sought financial advice, Manley sought help from NCRC after WSOS Community Action Commission, a non-profit consumer group that seeks to eliminate poverty and make individuals and families self-sufficient, referred her to an NCRC mortgage counselor.

Manley was referred to Elease Hall, a Mortgage Advisor with NCRC's National Homeownership Sustainability Fund, a program that assists families that hold high-risk mortgages or have experienced a change in financial circumstances that undermines their ability to repay their debt.

Hall conducted a consumer intake for Manley and gathered the necessary demographic and homeowner information needed to verify Manley's credit information and process her paperwork.

"She just needed someone to listen to her," Hall recalls. "I was the ear she needed at the time."

Hall agreed to work with Manley because she found her story so compelling. "She owed so little on her home to get back on track, and she demonstrated the pride of homeownership—over the phone."

Hall is aggressively pursuing loan modifications with Manley's mortgage carrier. Through the Hope Now Alliance, a cooperative effort between the US government, counselors, investors, and lenders to assist homeowners who are unable to pay their mortgages, Hall has the flexibility to negotiate with financial institutions that homeowners don't typically have.

According to Hall, "Ms. Manley was bounced around from consumer group to consumer group and none of them gave her the information she needed to make an informed decision. Some counselors were unqualified to adequately advise Ms. Manley and others were just lazy to conduct the due diligence needed to put Ms. Manley on a sound financial path."

Manley is working with Hall on an ongoing basis and is making every effort to get back on track in her finances and in her home.

Manley shares, "Every day is a struggle and everyone has problems and is trying to make it. I'll have to do the same thing."

We will continue to follow Ms. Manley's story in the coming weeks. For more information about Ms. Manley's story or about NCRC programs designed to help homeowners prevent foreclosure, please contact D'An Hagan at 202-464-2730 or by e-mail at dhagan@ncrc.org. ■

Community Groups Unite Behind CRA

The *Community Reinvestment Act* (CRA) didn't cause the credit crunch or lead to the crisis in the financial markets, but it is bearing the brunt of recent challenges concerning what's to blame for massive home foreclosures and the state of the national economy. These challenges are attempts to deflect attention away from the real problems affecting our financial system, which are failed regulatory policies and lax oversight.

For more than a decade, community leaders, civil rights proponents, and housing groups have raised concerns about unfair, deceptive, and abusive lending practices that have shattered the American dream of homeownership for millions of working families. Pleas for stronger regulatory policy and oversight not only went ignored, but in some cases were contradicted by regulatory policy that made predatory lending more abusive and widespread in low-income neighborhoods and among communities of color.

Over that same period, thousands of pages of local, state, and federal testimony, peer-reviewed policy papers, and speeches (many from the groups signed onto this statement) had forewarned of a pending crisis stemming from weak regulatory oversight and enforcement. Yet no serious federal response was ever made. Harvard University law professor Elizabeth Warren even stated that consumers had better protection buying a toaster or microwave oven than they had when purchasing the family home.

One example of regulatory failure is that many vital financial institutions—and the products they created and sold—were not covered by meaningful regulation. Some market players clearly knew their actions were creating a potential market crisis.

Improved regulation of the financial system—including brokers, lenders, appraisers, rating agencies, and securitizers—is essential. Had CRA and other appropriate regulation been applied to independent mortgage companies and other non-bank financial institutions, it is likely that our economy would not be confronted with a foreclosure crisis. Critics of the law conveniently ignore that about 75 percent of subprime loans were not covered by CRA. They also ignore the fact that most reckless and damaging subprime lending occurred between 2003 and 2007, long after CRA's passage in 1977.

CRA exams provide clear and strong incentives for banks to make safe and sound loans. In rallying behind CRA and supporting its expansion, the organizations listed below signed onto NCRC's October 13, 2008, statement regarding CRA.

The following civil rights, consumer, community development, and housing groups signed onto this statement:

Signed by:

Accion USA / Chicago / New Jersey / New York
Advocates for Basic Legal Equality
Affordable Housing Resources
AHEAD Inc.
American Community Partnerships
Baltimore Neighborhoods, Inc.
Bay Area Women's Center
Bayaney Remnant Community, UNPA
Beacon Development Group
Beyond Housing/ Neighborhood Housing Services
Bienestar
Brazos Valley Affordable Housing Corporation
Building Changes
CA Community Economic Development Association
California Reinvestment Coalition
Cambridge Neighborhood Apartment Housing Services
Capitol Hill Housing
CDC of Long Island
CDC Resource Consortium Inc.
CDFI Coalition
Center for American Progress
Center for Economic Progress
Center for Responsible Lending
Central Alabama Fair Housing Center
Chattanooga Neighborhood Enterprise
Cincinnati Change, Inc.
Cincinnati Housing Partners
Clackamas Community Land Trust
Cleveland Action to Support Housing, Inc.
Cleveland Housing Network
Coalition For A Better Acre
Coalition for Social Justice
Coastal Enterprises, Inc.
Codman Square Neighborhood Development Corporation
Collinwood Nottingham Villages Development Corporation
Colorado Rural Housing
Common Ground
Common Wealth Development, Inc.
Community Action Committee of the Lehigh Valley
Community Action New Mexico
Community Action Team, Inc.
Community Development Corp.
Community Economic Development Association of Michigan (CEDAM)
Community Enterprise Investments, Inc.
Community Housing Partners Corp.
Community Housing Solutions
Community Reinvestment Association of North Carolina (CRA-NC)
Community Reinvestment Fund, Inc.
CommunityWorks North Dakota
Consumer Action
Consumer Counseling Northwest
Consumer Federation of America
Consumers Union
DASH
Delhi Center
Delridge Neighborhoods Development Association
Demos: A Network for Ideas & Action
Detroit Shoreway Community Development Organization
DHIC, Inc.
Disability Network/Lakeshore
Drum Major Institute for Public Policy
East Bay Housing Organizations
East Columbus Development Co
Edison Neighborhood Association, Inc.
El Puente Community Development Corporation
Enterprise Community Partners
Enterprise Corporation of the Delta, Inc. (ECD/HOPE)
Escambia County Housing Finance Authority
Evergreen Housing Development, LLC
Exceed, Inc.
Fair Housing Council of the San Fernando Valley
Fairfax Renaissance Dev. Corp.
Farmworker Housing Dev. Corp.
Finance Fund
Foundation Communities
Genesis Non-Profit Housing Corporation
Give Me Back My Credit!
Good Samaritan Ministries
Great Lakes Capital Fund
Greater Rochester Community Reinvestment Coalition
Greater Washington Hipsanic Chamber of Commerce
Habitat for Humanity Seattle/ South King County
Hacienda CDC
Harvard Community Service Center
HBC Services Inc.
HHWP Community Action Commission
Historic District Development Corporation
HomeSight
Homestead Capital
Homestead Community Land Trust
HomeStretch Nonprofit Housing Corporation
Homewise
Housing Assistance Council
Housing Association of Delaware Valley
Housing Development Consortium of Seattle-King County
Housing Development Fund, Inc.
Housing Leadership Council of San Mateo County, Calif.
Housing Network of Rhode Island
Housing Partnership, Inc.
Housing Resources Group
Illinois Facilities Fund (IFF)
INCREASE Community Development Corp.
Individual
Innovative Housing, Inc.
Intercommunity Mercy Housing
Interdenominational Assn of Churches, Inc.
Interfaith Houisng Alliance, Inc.
Isles Community Enterprises
Jamboree Housing
Kamm's Corners Development Corp.
Lafayette Neighborhood Housing Services, Inc.
Laredo- Webb NHS
Lawyers' Committee for Civil Rights Under Law
Leadership Conference on Civil Rights
Local Economic and Employment Development Council, Inc. (LEED)
Local Initiatives Support Corp.
Louisiana Community Reinvestment Coalition
Louisville Community Development Bank
Manna, Inc.
Marshall Heights Community Development Organization
Massachusetts Affordable Housing Alliance (MAHA)
Massachusetts Association of Community Development Corporations
Maui Economic Opportunity (MEO) Business Development Corporation
Metropolitan Milwaukee Fair Housing Council
Metropolitan St. Louis Equal Housing Opportunity Council
Michigan Community Reinvestment Coalition
Mid Central Community Action, Inc.
Montgomery Housing Partnership
NAACP
National Alliance of Community Economic Development Associations
National Association for Latino Community Asset Builders
National Association of Consumer Advocates
National Association of Housing and Redevelopment Officials (NAHRO)
National City Bank
National Committee for Responsive Philanthropy
National Community Reinvestment Coalition (NCRC)
National Consumer Law Center (on behalf of its low income clients)
National Council of La Raza
National Council of Negro Women
National Housing Conference
National Housing Institute (NHI)
National League of Cities
National Low Income Housing Coalition
National NeighborWorks Association
National Policy and Advocacy Council on Homelessness (NPACH)
National Rural Housing Coalition
National Urban League
Nazareth Housing Inc.
Nazareth Housing Services
Near Southeast CDC
Nehemiah Community Reinvestment Fund
Neighborhood Economic Development Corporation
Neighborhood Housing Services of Baltimore
Neighborhood Housing Services of Duluth
Neighborhood Housing Services of Greater Cleveland
Neighborhood Housing Services of NYC
Neighborhood Housing Services of the Lehigh Valley, Inc.
Neighborhood Housing Services Oklahoma City
Neighbors Helping Neighbors
NeighborWorks Northeast Nebraska
NeighborWorks of Grays Harbor County
NeighborWorks Rochester
NeighborWorks Western Pennsylvania
Nevada Fair Housing Center, Inc
New Directions Housing Corp.
New Jersey Community Capital (Community Loan Fund of New Jersey)
New York State Rural Housing Coalition Inc.
NHS of Beloit
NHS of Chicago
NHS of Orange County
NHS of Richland County
NHS of the South Shore
NHS Phoenix
Northeast Shores Development Corp.
NYANA Business Center
NYS Rural Advocates
Oak Hill CDC

Ohio Community Development Corporation Association CDC
Old Brooklyn CDC
Operation Threshold
Opportunity Finance Network
Oregon Opportunity Network
Pacific Coast Regional Small Business Development Corporation
Pathfinder Services, Inc.
Paw Paw Housing Commission
Pittsburgh Community Reinvestment Group
Plymouth Housing Group
PolicyLink
Portland Community Land Trust
Portland Housing Center
Quality Solutions CDC
Rainbow PUSH Coalition
REACH, Community Development, Inc.
River Cities Development Svcs
Rollins College
ROSE Community Development
Rural Opportunities, Inc.
Rural Ulster Preservation Company
Salem-Keizer CDC
Salisbury Neighborhood Housing Service, Inc.
Samaritan Project Development Corp.
San Diego Housing Federation
Scott County Housing Council
Select Milwaukee, Inc.
SNHU's School of Community Economic Development
South Carolina Association of Community Development Corporations
Southwest Oklahoma Regional Development Corporation
Spokane Low Income Housing Consortium
The BACH Foundation
The Greenlining Coalition
The Housingartnership Inc
Toledo Fair Housing Center
TXS United Housing Program, Inc.
U.S. PIRG
Umpqua CDC
UNHS NeighborWorks HOC
United Neighborhood Centers of Northeastern Pennsylvania
United Neighborhoods, Inc.
United Neighbors, Inc.
United South Broadway Corporation
Urban Land Conservancy
US Conference of Mayors
US Jesuit Conference
Venture, Inc
VLO Group New England/VLO Group Community Enterprise, Corp.
Washington Community Reinvestment Association
Westchester Residential Opportunities, Inc.
Westmoreland Human Opportunities
Woodstock Institute

TOOLS AND TIPS FOR MEMBERS

CRA Myth vs. Fact

Myth: The *Community Reinvestment Act* (CRA) caused the foreclosure crisis.

Fact: The majority of subprime loans were originated by non-CRA-covered financial institutions. More than 75 percent of subprime loans were not covered by CRA.

According to the Federal Reserve Board, in 2006 only six percent of the high-cost loans to low- to moderate-income borrowers were covered under CRA. Had CRA been applied to independent mortgage companies and other non-bank financial institutions, it is arguable that the foreclosure crisis would not have occurred.

Myth: Rapid growth of subprime loans was a direct response to financial institutions efforts to expand homeownership for low- and moderate-income and minority households.

Fact: Between 1998-2006 more than half of subprime mortgage originations were for refinancing.

In that same time, less than 10 percent of subprime mortgage originations went to first-time homebuyers. Significant gains in homeownership occurred in the 1990s when prime lending was offered to low- and moderate-income borrowers.

Myth: Federal banking agencies encouraged banks to engage in risky lending practices. In particular, a 1992 Boston Federal Reserve Bank publication, *Closing the Credit Gap: A Guide to Equal Opportunity Lending*, provided unsound advice to banks.

Facts:

Federal Reserve Guidance: Lack of credit history should not be seen as a negative factor for potential homebuyers.

Justification: Willingness to pay debt promptly can be determined through alternative sources of information including timely rent, utility bills, and other scheduled payments.

Foreclosure Reality: Foreclosures are not a result of alternative credit scoring, but rather the product of excessive interest rates and unearned fees making loans unaffordable.

Federal Reserve Guidance: Valid income sources may include Social Security, second jobs, and other sources.

Justification: Many low- to moderate-income households may have varying sources of income, which are consistent or increase throughout the year.

Foreclosure Reality: Subprime loans are not failing as a result of the use of alternative sources of income. Rather, problematic subprime loans are characterized by a lack of income verification.

CRA Video on YouTube! Check out our CRA video on YouTube! You can access it on our Web site (www.ncrc.org) or on YouTube.com/ReinvestmentWorks.

The Role of Regulatory Failure in the Financial Crisis

Talking Points

Predatory lending in the subprime market has been widely documented for more than a decade. Although hundreds of studies, policy papers, legislative testimony, refereed research articles, and print news stories documented the abusive lending practices, nothing was done to purge these practices from the home mortgage market.

- As early as 1996, the US Department of Justice (USDOJ) brought its first successful legal action against predatory lending. Since then the USDOJ has significantly reduced the number of legal actions against unfair, deceptive, or otherwise predatory lending.
- Rather than purge predatory lending, federal regulatory policy made unfair and deceptive lending practices more virulent and prevalent in communities. In 2002, Georgia passed comprehensive mortgage reform legislation that included assignee liability. The Office of the Comptroller of the Currency ruled that federal regulations preempted the law for nationally chartered banks in its entirety and in 2004 further expanded federal preemption. This ruling undermined actions of dozens of states attempting to protect the financial interest of their residents.
- Despite widespread reports and documents of unfair and deceptive practices, the Federal Reserve refused to tighten regulations under the *Homeownership and Protection Act* (HOEPA) until July 2008, when more than 2 million borrowers had lost their homes, more than $400 billion in losses had been claimed by financial institutions, and the economy was heading into a recession. Even now, the revised rules leave many critical issues inadequately addressed.
- Alan Greenspan, who presided over the Federal Reserve during the national boom in subprime lending, has now acknowledged that important regulatory failures occurred. On October 23, Mr. Greenspan told the House Committee on Government Oversight and Reform, "I made a mistake in presuming that the self-interests of organizations, specifically banks and others, were such as that they were best capable of protecting their own shareholders and their equity in the firms.
- The Securities and Exchange Commission recently found substantial weaknesses in the business practices of the major bond

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Community Investment Network

Starting Third Year as the Prime Source of News and Information on Community Development

As the Community Investment Network (CIN) (pronounced "kin") enters its third year as a public site sponsored by NCRC, here's an update on the progress of this fantastic Web-accessed resource for community leaders, banks, the financial community, regulators – for everyone with an interest in building and enhancing healthy communities.

Since Official Launch — 7.2 million pages viewed by 1 = One million+ visitors

Since being launched in March 2006, CIN has been visited by more than one million people who viewed more than 7.2 million pages of news articles, third-party profiles (including most of the NCRC member organizations), a wide range of useful information, and more. CIN has become the nation's fastest growing, most comprehensive Web-accessed 24-hour source of reliable news, information, research data, opinions, and commentary focused on all aspects of community development, access to affordable housing, community-based investment and reinvestment, job creation and training, economic and financial literacy, and the advancement of social justice and economic fairness.

CIN's objective is to educate, inform, and inspire all those interested in creating, rejuvenating, and preserving economically healthy communities in the United States.

Who are our viewers?

CIN's regular readers and visitors include:

- NCRC members
- Leaders of local community development corporations
- Local and state economic development organizations
- Public officials, including state attorney generals, state banking commissioners, state legislators and staff, Congressional and Senate members and staff, and city, county, and village officials focused on community development and housing
- Bankers at the national, regional, state, and local levels
- Staff of government-sponsored enterprises, equity investment managers, private investors, and venture capitalists
- Bank regulatory agencies, regulators, and federal agency staffers, including employees at the US Department of Housing and Urban Development, the US Department of Commerce, the Federal Deposit Insurance Corporation, the Federal Reserve, Office of Thrift Supervision, Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the US Department of the Treasury
- Leaders and staff and state and local government agencies, including housing authorities, community development offices, job development offices, fair housing agencies, and human rights agencies
- Builders, real estate developers, real estate management companies, and local Individual Development Accounts
- Advocacy groups, think tanks, foundations focused on affordable housing, financial literacy advocates, community revitalization champions, researchers, and academicians

CIN readers represent a cross-section of the players nationwide in community development, affordable housing, social justice, and economic fairness. Each day our editors scan thousands of articles, commentaries, and research papers to bring to its readers topical, insightful, and significant news stories. Each month, the editorial board seeks to improve and perfect CIN's selection and delivery process so that CIN readers will constantly view a new and improved Web site.

News from NCRC and Its Members

CIN serves as a primary local, regional, national, and international platform for news and information from and about NCRC and its more than 600 members nationwide. From California to New York and Minnesota to Louisiana, NCRC members send news and information regarding their activities in their communities. Members are encouraged to send news releases, newsletters, and other announcements to news@communityinvestmentnetwork.org.

About our Sponsors

CIN appreciates the support of the forward-thinking corporate and banking sponsors who enable CIN to present this important flow of information to an ever-widening audience. Sincerest thanks to Bank of America, USBank, Chase, Citi, HSBC, Chinatrust, TD Banknorth, and Realogy.

Expanding our Viewership

CIN is constantly working to expand its viewer base. Tell your colleagues and associates to become a registered user of CIN by going to the top of the home page at www.communityinvestmentnetwork.org and sign in. They will receive a weekly **CIN Alert** on topical issues in the news and various aspects of CIN. ■

The Role of Regulatory Failure in the Financial Crisis

Talking Points

continued from p. 13

rating agencies, including conflicts of interest, inappropriate internal auditing measures, and other lax business practices that may have contributed to poor rating opinions. These practices contributed to the funding of hundreds of billions of dollars of loans that were not underwritten for long-term sustainable homeownership.

- An estimated 400,000 borrowers across the country will receive direct assistance totaling $8.7 billion as a result of legal actions, against one of the largest lenders in the country, taken by 11 state attorney generals claiming risky and predatory lending. This agreement is equivalent in scale to the government's recently enacted expansion of *Fair Housing Act.*
- Despite overwhelming evidence of unfair, deceptive, and fraudulent lending behavior, the $700 billion bailout bill *(Emergency Economic Stabilization Act of 2008)* contains no anti-predatory lending provisions and leaves the door open for future reckless, irresponsible, and predatory lending to occur.
- Share prices at Goldman Sachs and Morgan Stanley are down 40% and 53% respectively, while profits are down 47% and 69% correspondingly. In response, each company is receiving $10 billion from the American taxpayer courtesy of the $700 billion bailout package to help keep them afloat. Meanwhile, the two companies have set aside $13 billion for bonuses through the first three quarters of 2008 for their extraordinary performance in undermining the strength of the federal economy! Will the party ever end on Wall Street? ■

Community*Express* Updates

In the last issue of *Reinvestment Works*, we expressed concern over lending restrictions now placed on the highly successful Community*Express* loan and technical assistance program that NCRC and its Banker/Community Collaborative Council developed in partnership with the US Small Business Administration (SBA).

A 1996 law limits any SBA pilot program to 10% of the number of loans issued under SBA's broad 7(a) loan umbrella, which includes Community*Express* and several other programs. Earlier this year, Community*Express* loans had significantly exceeded that limit, and SBA was forced to require leading lenders to cut back. Potential borrowers have not been able to get the funding they need, and borrowers, lenders, and technical assistance providers are frustrated that so few deals can go through. Currently, the several most active lenders can originate no more than 100 Community*Express* loans per month, while other lenders are limited to ten loans each month, although SBA may grant case-by-case exceptions depending on available cap room.

SBA represents that "for legal reasons" it changed the eligibility for Community*Express*, making it strictly a geography-based program focused on low- to moderate-income areas and Historically Underutilized Business (HUB) Zones, although loans of $25,000 or less regardless of where located are eligible. However, because of these alleged legal concerns surrounding targeting by gender or ethnicity, minority and women entrepreneurs will be eligible, but will have to own a business located in one of the designated areas. NCRC believes that this defeats the purpose of Community*Express*, and we disagree with the legal interpretation that this makes access to capital available to all underserved businesses.

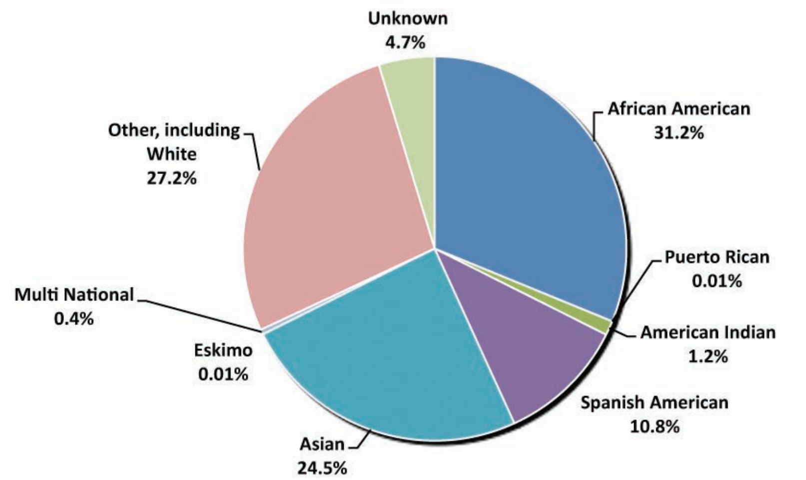
These changes went into effect October 1, 2008, the beginning of the 2009 fiscal year.

NCRC staff has met with SBA officials and Congressional staff and plans to resume such meetings when the 111th Congress convenes in January, especially targeting individuals on the Senate and House Small Business committees.

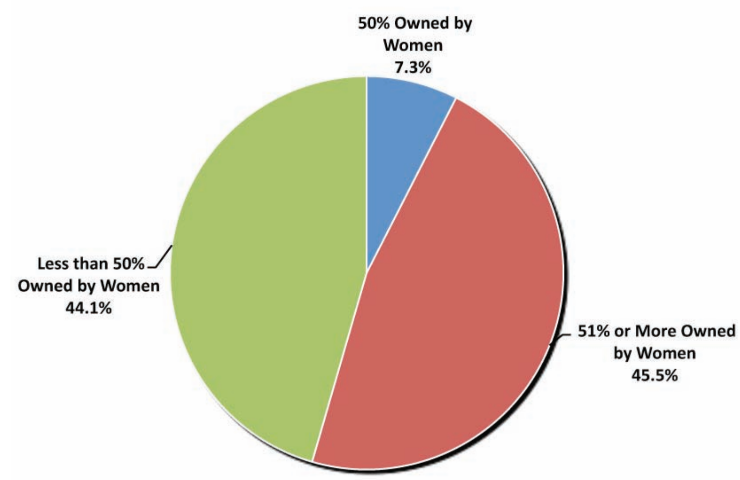
If any NCRC Members or other concerned groups want to aid in the effort to restore Community*Express* eligibility to the original groups (minority, women, and veteran entrepreneurs, as well as businesses in low- to moderate-income areas) and to eliminate the lending cap, please contact NCRC at 202-628-8866 and speak with either LaDavia Hatcher-Drane, Director of Legislation and Regulatory Affairs or Avis Allen in the Entrepreneurial Development department. They can also be reached by e-mail at ldrane@ncrc.org or aallen@ncrc.org.

The charts on the right illustrate Community*Express* lending in FY 2008, showing the percentage of loans going to minority and women entrepreneurs.

Percentage of CommunityExpress Loans by Ethnicity



Percentage of CommunityExpress Loans by Gender



The 7.7 Trillion-Dollar Question

In a recent article published in Shelterforce titled "Taking the Bull by the Horns," NCRC chief operating officer Jim Carr posed an intriguing question: Why is it costing trillions of dollars to address an economic problem that can be measured and remedied in the billions?

According to a December 2008 Bloomberg News report, the federal government provided $7.7 trillion of credit and direct funding to financial institutions in an effort to strengthen the credit markets and stabilize the financial system. The majority of this funding was channeled to address the contagion effects of the foreclosure crisis, but not the foreclosure crisis itself. Failure to address mounting foreclosures continues to drive down home prices, which results in a wide range of problems for the financial system and overall economy, including reduced home equity, decreased consumer confidence, a loss of jobs, and a steeper decline in overall economic activity and performance. So substantial is the damage to the economy that a new wave of foreclosures is being triggered by rising job losses. In response, the Obama Administration and Congress are considering an economic stimulus package of up to $1 trillion.

In his article, Carr outlines a five-part strategy to address the foreclosure crisis and other problems that have been allowed to fester in the wake of the declining economy:

- Contain the current foreclosure crisis and purge predatory lending
- Purge predatory lending from the housing markets
- Reform regulation of the financial system
- Reform federal housing policy
- Enforce fair housing and fair lending laws

Carr's article focuses on bold approaches to tackling the growing challenges in the housing markets, the financial system, and the economy, and presents comprehensive solutions to improve affordable housing options, enhance sustainable homeownership, and launch community investment initiatives for working Americans. To read Carr's article in its entirety, visit Shelterforce.org.

NCRC National Training Academy Curriculum

The NCRC National Training Academy brings affordable and accessible training and technical assistance on a variety of topics to its members and others. Below is the Academy curriculum to help you select the workshops and courses that will meet your needs. NCRC members can participate in our training events by attending classes in Washington, DC, or, if they are unable to travel for training, can participate via Webinar. Training workshops also take place at regional, state, and national venues, and are held 2-3 times per month. For additional information, or if you are interested in a course that is not on the schedule below, please contact **Ada Albright**, Director of the NCRC National Training Academy, at **(202) 464-2727**.

Community Development Lending for CRA Officers

This course covers the fundamentals of community development lending, affordable housing delivery, affordable housing lending, and community development financial institutions (CDFIs).

Economic Development Lending for Loan Officers

This course covers the fundamentals of economic development lending and community development financial institutions (CDFIs). It focuses specifically on underwriting economic development loans.

Compliance Remedies for Federal & State Regulations

Learn how to avoid common lending pitfalls, especially those in RESPA, the *Truth in Lending Act*, and the *Fair Housing Act*, and how to develop controls to ensure compliance. You will also discuss state regulations' effects on community lending, and examine the influence of non-federal (i.e., state regulatory and licensing) requirements on local lending activity.

Fair Housing/Fair Lending Fundamentals

This course familiarizes participants with the requirements of the *Fair Housing Amendments Act of 1988* and its companion statutes, as they apply to housing providers, mortgage lenders, realtors, homebuilders, public agencies, and non-profit organizations.

Community Economic Development for Corporate Contribution and Foundation Staff

This course presents a historical overview of community development strategies, and includes an overview of current issues and approaches that have been taken for foundations and their roles in community development. This course introduces the fundamentals of affordable housing development, business development, feasibility analysis, financial structuring, and current issues and trends in affordable housing development. By the completion of this course, attendees will have had the opportunity to explore alternative approaches to developing, managing, and evaluating foundation support.

Introduction to Community Building & Community Organizing

This course, developed with input from experts in community building and community organizing, provides the skills in training, networking, research, and information-gathering necessary for organizations that work in collaboration to implement community-building and community-organizing agendas.

Fundamentals of Community Reinvestment & Economic Development

In this course, participants will review the role of community analysis in creating a neighborhood revitalization plan, and will explore possible partners and funding sources for community development work.

Introduction to Homebuyer Education Programs

This course is designed for community-based organizations that are considering how to develop and manage a homebuyer program. This course examines the essential components of a successful homebuyer program, including how to assess potential homebuyers and their borrowing readiness, how to make property selections, and how to identify financing opportunities.

Introduction to Financial Education

NCRC's Financial Education builds basic money management skills, and helps people understand banking, finance, savings, and the importance of good credit. With these tools, an individual or family can save enough money to buy a home or start a small business, and ultimately build their net wealth. This course identifies the essential components of an effective financial literacy program and provides the tools that help participants design programs that meet the needs of their target communities.

Advanced Concepts in Community Building

This course focuses on the principles and practices of community building and comprehensive community development. It teaches the skills needed to understand, design, fund, and implement a community-building initiative.

Affordable Housing Lending for Loan Officers

This course covers the fundamentals of affordable housing delivery, affordable housing lending, underwriting, and the role of community development financial institutions (CDFIs).

Collaboration Training for Affordable Housing Finance

The collaboration training for affordable housing finance programs consists of a workshop for all stakeholders within regional community development systems and covers collaborative approaches to community development and the fundamentals of affordable housing development.

Low-Income Housing Tax Credit Program

This course is designed specifically for non-profit organizations and financial institutions that have partnered or are partnering with private developers on a Low-Income Housing Tax Credit (LIHTC) project, and groups that are considering using tax credits for the first time. This overview of the LIHTC program covers practical and strategic issues for non-profit organizations and will show how to evaluate housing development opportunities.

Underwriting Affordable Housing

This course focuses on public-sector agencies that provide resources to affordable housing projects. These agencies will learn how to work together more effectively, make optimum use of their funds, and plan a healthy mix of investments. It includes introductions to bank perspectives, calculating debt-coverage ratios and loan-to-value ratios, key issues in public-sector financing, standards and benchmarks, cash flow projections, and current practices, as well as an overview of the real estate development process and a framework for setting priorities.

Building Small Businesses

This course analyzes and evaluates the financial needs of businesses from the perspective of small business lenders. Attendees will learn how to employ effective financial management practices, take advantage of the available types of financing, and use financial ratios to analyze a business's financial position using real-life case studies and group exercises.

Predatory Lending Relief & Alternatives to Foreclosure

This course covers the protocol for counseling homeowners in financial distress. Every aspect of default and delinquency will be addressed, including reasons for default, ways to maximize income and reduce expenses, ways to calculate delinquencies, how to understand the players in the mortgage marketplace, how to understand loss-mitigation options for FHA-insured and other loans, where to find legal information about foreclosure laws and timelines, how to incorporate useful tips on effectively intervening with lenders and service providers, how to manage multiple mortgages or liens, and how to weigh the pros and cons of refinancing.

Attendees will learn how to develop effective and sustainable programs and recruit homeowners from their areas for this course. In addition, attendees will learn about recent changes and refinements in FHA's loss-mitigation tools, opportunities available with other lenders, best-practice case management techniques, and additional ways to spot consumer scams. *Experience is required – contact the National Training Academy for details.*

Loan Servicing & Collections

This course provides the opportunity for attendees to review the policies, procedures, and accounting systems that lenders use to maintain their mortgage loan portfolios. Attendees will examine effective documentation systems and learn practical techniques for controlling risks and avoiding default and foreclosure.

Fundraising Fundamentals

Getting grants takes skill in organizational development, research, finance, strategic planning, design, time management, knowledge of area resources, writing, editing, and packaging. This hands-on course shows attendees how to identify appropriate private-sector grant makers, how to approach and cultivate a funding source, and how to organize and write a proposal.

Communication Collaborations: Getting the Right Message Out Together!

This course focuses on media relations as an integral piece of an organization's marketing strategy. Attendees will learn how to evaluate when media relations are appropriate, how to determine when something is newsworthy, how to set realistic goals about media coverage, and how to develop a media relations strategy.

Public Speaking

Learn skills that allow you to take the floor comfortably in groups and meetings, and how to speak effectively with different audiences. Practice getting your point across in small-group meetings or as the keynote speaker in front of a large audience. Get specific tips for keeping the group's attention and then practice these skills in a safe, comfortable, and supportive environment.

Fundamentals of Nonprofit Finance and Reporting

This course assists non-profit executives and board members in understanding their financial statements (and the necessary components) and what to expect from accounting. The course also covers how to hire and manage auditors, how to establish basic financial controls in a small-to-medium-sized organization, and how to take the necessary steps in the event of a financial crisis.

Expanding Access to Financial Services in Emerging Markets

This intensive training explores successful models for forming community lending partnerships and marketing products in new and emerging markets. The curriculum includes a special focus on best-practices and compliance programs that will expand a participant's ability to develop community contacts and pursue profitable community-based relationships with NCRC members.

Media Relations

Media relations are more than responding to reporters' questions. This course provides participants with the skills they need in order to develop, build, and maintain effective and productive relationships with the press. It teaches participants how to respond to the demand for information and deliver it in a timely manner. The course also focuses on how organizations can position themselves to be the pre-eminent provider of information in a crowded market.

Public Relations

This course centers on public relations and its components, including media relations, publications, presentations, and speaking engagements, and how to build an organization's public image. The course teaches participants how to identify and effectively communicate with stakeholders in the organization.

Web Site Development/Collateral Materials

This course helps participants create collateral materials and use the Web to target critical audiences to the organization. During the session, participants will discuss the kind of information that should be communicated to these audiences, how to use collateral materials and the Web to market the organization, and how to define and carry out a "call to action."

Strategic Alliances

Learn how to develop and maintain powerful and strategic relationships between community groups, businesses, government agencies and officials, and more. Determine what steps should be taken in terms of outreach and understand how these relationships should be nurtured, managed, and developed.

Strategic Planning

Although every strategic planning process is uniquely designed to fit the specific needs of a particular organization, all successful strategic plans include universal steps. In this course, participants will learn the importance of defining a clear mission, setting supporting objectives, designing a sound business portfolio, and coordinating functional strategies.

Board Development

Executive boards are instrumental to an organization's success. This course focuses on how to bring diverse individuals together to form strong and able Boards with the capacity to handle a wide range of functions.

Buy Your Community First!

Patronizing local businesses contributes to the wealth and development of communities and their residents. This course focuses on processes and projects that encourage consumers to support the communities where they benefit as owners or employees.

Fundraising Opportunities

This course discusses how to identify and pursue funding opportunities for non-profit organizations, as well as strategies for effectively positioning an organization to stand out in a competitive funding environment.

Credit Scoring for Microenterprise

This course provides participants with the fundamental tools they need in order to assess the risk of a potential loan. The goal of this session is to provide a systematic procedure that allows for consistency among loan officers within an organization and efficiency in terms of time spent reviewing loan packages.

Basic Business Credit Analysis

Designed for those new to the field of lending, this course provides a basic understanding of the credit risk analysis process and the terminology, concepts, and procedures involved in evaluating and managing credit risk. Financial statements, trend analysis, cash flow statements, and financial forecasting as a tool to assess a company's debt-servicing ability will be reviewed from a lending perspective. The goal of this session is to provide participants with a basic understanding of loan underwriting from reviewing a business plan up to preparing for a presentation of a loan to the loan committee.

Pre-closing Activities and Loan Closing

This course is designed to provide participants with key factors to consider as they prepare to close a loan. In addition, this course reviews basic legal considerations involved in commercial lending and various issues involved in credit administration, and explores recognizing potential risks associated with granting a business loan and various ways to mitigate the associated risks.

Grant Writing for Community Development

Learn how to research potential funders and practical tips for writing a winning grant proposal. This course is designed for non-profit community-based organizations that need guidance in searching for grant opportunities and writing proposals.

Dispute-Conflict Resolution/Mediation

Mediation and conflict resolution allows people come to an acceptable agreement with the help of a neutral mediator. Learn the skills of dispute resolution and mediation that can avoid disruption of an organization's work unnecessarily and empower organizations and individuals to effectively work through conflicts when they arise. ■

Recent Trainings

December 2008

December 4: Fair Housing Fair Lending — Holding Wall Street Accountable

December 11: Fair Housing Fair Lending — Training of Trainers

December 17: CRA and EITC – Co-sponsored by NCRC and Volunteers in Technical Assistance

December 18: Fair Housing Fair Lending — Training of Trainers

TOOLS AND TIPS FOR MEMBERS

Direct Lobbying vs. Grassroots Lobbying

To be considered **direct lobbying**, a communication must:

- Refer to specific legislation and reflect a view on the legislation. The term "specific legislation" includes both legislation that has already been introduced, and specific legislative proposals that your organization either supports or opposes, even if no actual legislation has been introduced. For a ballot proposal or referendum that will be submitted to the voters, a proposal becomes specific legislation as soon as the first petition is circulated among voters in order to gather the signatures necessary to put the measure on the ballot.

Examples of direct lobbying include:

- Meeting with legislators or their staff to discuss specific legislation.
- Drafting or negotiating the terms of a bill.
- Discussing potential contents of legislation with legislators or staff.
- Meeting with officials of the executive branch to influence testimony on a legislative proposal.
- Urging a Presidential or gubernatorial veto.

Grassroots lobbying is an attempt to influence legislation by influencing public opinion.

To be considered **grassroots lobbying**, a communication must:

- Refer to specific legislation.
- Reflect a view on specific legislation.
- Encourage the recipient to take action with respect to such legislation — that is, it includes a "call to action." A "call to action" communication includes any one or more of the following:
  - The communication states that the recipient should contact (1) a member or employee of a legislative body, or (2) any other government official or employee who may participate in the formulation of legislation, if the principal purpose of the contact is lobbying (Direct call to action).
  - The communication states the address, telephone number, or similar information of a legislator or an employee of a legislative body (Direct call to action).
  - The communication provides a petition, Democracy In Action Send, tear-off postcard, or similar material for the recipient to communicate with any such individual (Direct call to action).
  - The communication specifically identifies one or more legislators who will vote on the legislation as: (1) opposing the organization's view with respect to the legislation, (2) being undecided with respect to the legislation, (3) being the recipient's representative in the legislature, or (4) being a member of the legislative committee or subcommittee that will consider the legislation. However, merely naming the main sponsors of the legislation for purposes of identifying the legislation does not constitute encouraging the recipient to take action (Indirect call to action).

Examples of grassroots lobbying include:

- An action alert urging recipients to contact their legislators about a pending bill.
- Attending a coalition meeting to help plan a grassroots lobbying communication that addresses a pending bill. ■

NCRC Member News

The Pittsburgh Community Reinvestment Group (PCRG), a coalition of more than 20 neighborhood groups representing 130,000 individuals in the City of Pittsburgh and Allegheny County teamed up with KDKA Television Wednesday, August 12, 2008, to assist 700 callers with questions surrounding mortgages. PCRG Financial and Counseling Partners answered phones and assisted callers with questions on credit counseling, foreclosure, property tax, and beyond.

"Quite honestly, we could not have pulled this off if it weren't for the tremendous support of our lending and counseling agency partners," stated Steven Shivak, Executive Director of PCRG.

"We initially had 15 phones and 36 volunteers. KDKA added five more phones and we broke the volunteers into shifts." According to Shivak, the shifts actually benefitted the volunteers as the phones rang continuously from 4:00 PM to 8:00 PM. Volunteers left humbled and exhausted.

"It was a very rewarding time personally knowing that I was able to help individuals that needed assistance," said Stan Ricketts, Commercial Relationship Manager and CRA Officer for Allegheny Valley Bank. "Many of my calls received centered around delinquent payments and tax issues. I was able to assist callers to the right agency, knowing that the agency will do everything possible to save their houses."

Pittsburgh Community Reinvestment Group is a consortium of community leaders working for economic justice, equitable investment practices, and sufficient financial resources to revitalize communities throughout Allegheny County. For more information, visit www.pcrg.org.

Mayor Appoints New Chair for the Commission on Mortgage Lending Practices

Lexington-Fayette Urban County Human Rights Commission. Mayor Jim Newberry of Lexington, Kentucky, appointed the Mayor's Commission on Mortgage Lending Practices earlier this month to make recommendations concerning the findings of a recent report by the Lexington-Fayette County Human Rights Commission titled "Regardless of Income, African-Americans in Lexington Remain at Risk of Receiving High-Cost Home Mortgage Loans."

The report ranked Lexington first in the state in racial disparities between loans to low- and moderate-income borrowers. Newberry asked the Mayor's Commission to recommend ways to improve local lending practices, saying the findings reported in the Human Rights Commission report should be unacceptable to all Lexington citizens. According to the report, "Nearly half of all loans to African American low- and moderate-income borrowers were high cost loans and they were 2.23 times more likely to receive a high cost loan than whites with similar incomes."

At the recommendation of William Wharton, executive director of the Human Rights Commission, the Mayor's Commission will focus its work on two of the recommendations made in the Human Rights Commission report, specifically "We must look at our financial literacy programs and make sure that they are accessible to the population that needs them," and "We must encourage ethical lenders to step forward and provide financial services to the broader community."

Other commission members include representatives of the Human Rights Commission, the financial community, affordable housing advocates, Realtors, and advocates for the poor.

The purpose of the Lexington-Fayette Urban County Human Rights Commission is to safeguard all individuals within Lexington-Fayette County from discrimination because of race, color, religion, national origin, sex, age, disability, familial status, and sexual orientation/gender identity in connection with employment, housing, and public accommodations. The Lexington-Fayette Urban County Human Rights Commission serves as an investigative, consultative, educational, persuasive, and enforcement agency to guarantee equal opportunity for all people of the City of Lexington and Fayette County. ■

New Staff

D'An Hagan is NCRC's Manager of Communications. Her background includes several key positions in Florida state government, including those in which she served as a Legislative Analyst at the Florida House of Representatives, House Democratic Office; a Senior Management Analyst in the Office of Inspector General at the Florida Department of Children and Families; and various positions at the Florida Department of Labor, the Agency for Workforce Innovation, and the Florida Department of Health. She also has significant House, Gubernatorial, and Judicial campaign experience in Florida, and served on her first Gubernatorial campaign at the age of 9. D'An is a published writer and welcomes the opportunity to blend her avocation with her vocation at the NCRC. She completed her MS in Communications with a Public Policy focus at Cornell University this spring, and received a BA in English from Florida A&M University where she graduated summa cum laude and was the #1 ranked student in the College of Arts and Sciences.

Antoine B. Craft is a Mortgage Advisor with NCRC's National Homeownership Sustainability Fund. He brings direct experience from the Mortgage Lending Industry, and previously worked for Industrial Bank of Washington and Wachovia Mortgage Corporation. Antoine has also been extremely involved in the Washington Metropolitan community by offering homeownership counseling with companies such as the D.C. Housing Finance Agency, the Housing Initiative Partnership (MD), and other community organizations. Antoine is enthusiastic about helping homeowners in need of mortgage advice and assistance and finds results that are in homeowners' best interests. He also looks forward to helping reverse the bad practices that have played a major part in the decline of the housing market, and working with leadership here at NCRC to restore integrity in all aspects of the housing industry. With his knowledge of the deceitful tactics that have been used by his previous competitors in the loan origination industry, Antoine looks forward to holding lenders and servicers accountable for their irresponsible practices.

Frances Murray is NCRC's Director of Human Resources. Her responsibilities include providing oversight of HR programs, and planning and implementing goals and objectives by analyzing organizational needs and creating a positive working atmosphere. She manages the HR department and ensured that policies and procedures are developed, implemented, and properly enforced throughout the organization. Her additional responsibilities include recruitment, ensuring compliance with all applicable employment laws, employee relations, and employee compensation and benefits. Before joining NCRC, Frances was the Human Resources Manager at Langston University in Tulsa, Oklahoma, and has held other positions such as Senior Employee Relations Representative at TV Guide, Inc., and Personnel Administrator and Assistant Training Consultant at The Prudential Insurance Company of America.

Tonya Magee brings with her eight years of experience in pre-purchase and homebuyer education as a consultant/trainer for Genus Credit Management, and more than 13 years of experience as a mortgage counselor. She has worked in developing processes with delinquent clients and creditors to enhance credit counseling and debt management services in bringing accounts current. Tonya graduated from the University of South Carolina with a BA in Political Science and is currently enrolled at the University of Maryland to pursue a Master of Science degree.

Tamara Jayasundera is a Senior Research Analyst at NCRC and brings a considerable amount of experience and expertise in applied microeconomics and econometrics. Prior to joining NCRC, Tamara worked as a consultant at the International Food Policy Research Institute and a Research Analyst at the Academy for Educational Development, where her research and analysis focused on intergenerational educational mobility and other poverty issues, such as primary and secondary education, education policy, food consumption, and health in developing countries, with a strong emphasis on program evaluation. Her current research interests are focused on understanding trends and characteristics of loans in foreclosure. Tamara recently received her Ph.D. in Economics from American University.

LaDavia Hatcher-Drane earned a BS from Miami University's Richard T. Farmer Business School, and a JD from Cleveland State University's Cleveland-Marshall College of Law. LaDavia practiced law as an Associate at Ulmer & Berne LLP in the litigation department, and in 2008, joined the Obama Campaign for Change in Kansas City, Missouri. LaDavia is currently NCRC's Director of Legislation and Regulatory Affairs.

Marcia West joins NCRC as its new Membership and Marketing Assistant where she will be responsible for member business processes, supporting member prospecting and marketing campaigns, and database and project management. Her background includes neighborhood organizing to create a safer community, proposal management for a large accounting firm, and marketing in the high-tech landscape, specifically at JeTech Data Systems and Hewlett-Packard. She also served in both communications and organizer roles for organizations that work for economic equality and labor and human rights. Marcia received her BA in humanities from Michigan State University and her MBA from the University of California, Los Angeles in 1995.

NCRC National Achievement Awards

Every year at our national conference, NCRC presents National Achievement Awards to individuals and organizations that are leaders in expanding financial access for working families and communities. We invite nominations for these awards from our members across the country. After a thorough review process, we determine who is the most deserving of awards in several categories. This year's award names and categories are listed below.

2009 Award Categories:

National Community Reinvestment Award — This award is given to the individual who, throughout his or her career, has exemplified the ideals and values of the fair housing movement.

The Color of Money Award — This award is given for the best documentary, reporting, book, or public information campaign that contributes to public understanding of the need for fairness and access in the US financial system.

James Leach National Award — This award is given to the most outstanding rural non-profit organization.

James Rouse National — This award is given to the most outstanding urban non-profit organization.

Henry B. Gonzalez National Award — This award is given to the most outstanding government official/agency or for-profit firm that forges the most effective partnerships with community non-profit organizations.

Senator William Proxmire Award — This award is given to the individual whose life's work exemplifies the spirit of Senator Proxmire's contributions to economic mobility.

NEW in 2009!

Community Empowerment Film Award

This year for the first time, NCRC will present a Community Empowerment Film Award, which will honor independent filmmakers whose work focuses on economic and social justice topics. Select filmmakers will be brought to Washington, DC, in March for our 2009 National Conference, where their films will be screened before community and civil rights leaders, policymakers, business development organizations, and local and national media. One film will be recognized and receive this award the final night of the conference at a special awards dinner. For more information, visit www.ncrc.org/film.

Reinvestment WORKS

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