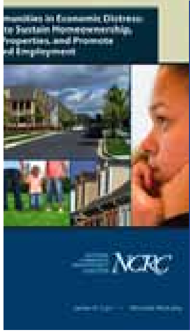
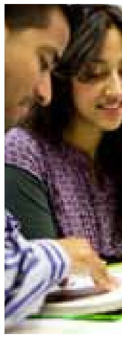

Resources for Advocates 2


NCRC Launches Housing Counseling Training 8


Dodd-Frank Provides New Data 13


New Look, New Ways to Communicate 14

A Publication of the National Community Reinvestment Coalition - Spring 2011

Reinvestment WORKS

Visit us on the web at www.ncrc.org

The Unfinished Business of Financial Reform:

Three Issues to Watch in 2011 and Beyond

In 2010, important financial reform was made law with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. But the business of financial reform continues. The strength of its consumer protections will be determined by how well it is implemented, particularly since the law left to regulation many important issues. Moreover, the law left several issues unresolved, including reform of Fannie Mae, Freddie Mac and the housing finance system as a whole, as well as modernization of the Community Reinvestment Act. These are important issues for advocates to track this year. Josh Silver, Vice President of Research and Policy, offers what NCRC members need to know about these leading debates, see pages 10-12. ■

Hundreds of Community Organizations to Attend NCRC Annual Conference

"National Challenges, Local Solutions: Rebuilding Homes, Lives and Communities"

Facing challenges that include state budget deficits, the ongoing foreclosure crisis and a weak economy, hundreds of community organizations will gather in Washington, DC for NCRC's annual conference. "This year's conference tackles the challenges we all face," said John Taylor, president & CEO of NCRC. "Times couldn't be tougher in many communities. But that makes it all the more important that we come together, and share best practices and solutions that are working in places across the country. We know it's going to take hard work, but working together, we can rebuild our communities. This starts with individuals who recognize their own potential to contribute to national challenges beginning with their own effort, and then working with others. Together, we can set the system of finance on a responsible footing, so that it creates opportunities – including good jobs and sustainable homeownership – for all Americans." This year's conference will feature speeches from Sheila Bair, FDIC Chairman, Dave Stevens, FHA Commissioner, U.S. Assistant Attorney General Thomas Perez and Donna Gambrell, Director of the CDFI fund. For the full conference agenda and for registration information, see pages 6-7. ■

Only Credit Elites Need Apply?

By David Berenbaum

When the housing bubble burst two years ago and the mortgage finance market fell to its knees, private lenders panicked and tightened standards to such an extreme that they radically constricted credit opportunities for many borrowers, even those with good credit. At every turn since then economic progress has been stymied by the refusal of financial institutions to lend to creditworthy borrowers.

Dozens of banks are engaging in arbitrary policies and discriminatory practices that threaten the ability of the federal government to stabilize and restore the housing market and the broader economy. Federal Housing Administration (FHA) loans have become the remaining source of credit for many working class Americans. Yet lenders have put in place higher minimum credit scores to get a loan than established under FHA guidelines. These so called "credit overlays" restrict access to loans for qualified borrowers, putting the private market in the position to play gatekeeper for access to government-insured loans.

In late 2010, the federal government agreed

Continued on page 13 ›

In Brief

Recent Publications and Resources from the National Community Reinvestment Coalition

Data drives our movement. NCRC provides timely, relevant studies that arm advocates with the data and information to support their goals. The following studies are all available for download at www.ncrc.org.

Working-Class Families Arbitrarily Blocked from Accessing Credit: NCRC's Fair Lending Investigation of Credit Score Restrictions by Federal Housing Administration-Approved Lenders

An investigation by the National Community Reinvestment Coalition (NCRC) discovered that a majority of the top 50 FHA lenders have instituted policies that limit access to credit to working families in low- and moderate-income communities, and in communities of color, the very same communities that have been most harmed by the greed and malfeasance of Wall Street and the financial industry. NCRC's investigation reveals that too many of the country's largest financial institutions are refusing to lend under the FHA loan program to consumers with credit scores between 580 and 640, despite the fact that FHA policy establishes a 100% guarantee for refinance and home purchase loans to a credit score of 580 for borrowers with a 3.5% down-payment.

Challenges to the Economic Security of Older Americans (Issue Brief)

The recent economic crisis and collapse of real estate values has made life more uncertain for all Americans, but senior citizens have been particularly impacted. The sharp reduction in the value of most seniors' primary asset – their home – means that many are now especially vulnerable to financial insecurity. When combined with rampant predatory practices targeted at seniors, challenges in the workplace, including age discrimination and a lack of job training opportunities, and obstacles to "aging in place," older Americans face enormous obstacles to maintaining financial and housing security.

Editor's Note: Thanks to NCRC members efforts, data on small business and home mortgage lending that we have long sought will soon be available publicly (See "Dodd-Frank Act Enhances Data Disclosure and Accountability," page 13.)

Rebuilding Communities in Economic Distress: Local Strategies to Sustain Homeownership, Reclaim Vacant Properties, and Promote Community-Based Employment

In the past few years, America has faced foreclosure and unemployment crises that have devastated communities and dramatically changed the social and physical fabric of our neighborhoods for years to come. While the impact of foreclosure is most immediately felt by defaulting homeowners, it can also have a dramatic impact on surrounding neighborhoods. This paper highlights the innovative responses that state and local governments, community-based organizations, financial institutions, and other stakeholders have developed to stabilize their communities, despite a limited access to resources. The list of best practices is presented as a menu of strategies that stakeholders can incorporate into their redevelopment plans to achieve a sustainable economic recovery

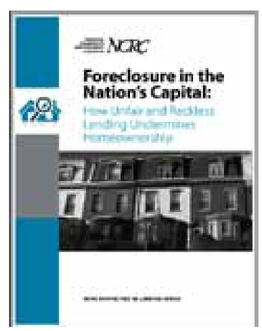
Safe & Sound Lending in Neighborhoods: Washington, DC and Houston, TX

This study compares home and small businesses lending and bank branching in two major metropolitan areas over the volatile time period of 2006 through 2009, and found that Community Reinvestment Act (CRA) regulated lenders avoided significant decreases in lending accompanied by the current foreclosure crisis and severe recession. CRA covered lenders in the Washington, DC Metropolitan Area generally reached a larger percentage of homeowners with prime home loans in modest income neighborhoods and communities of color than predominantly white communities and upper-income neighborhoods. In the Houston area, however, this was not the case, suggesting a need for greater enforcement of CRA. In both Washington, DC and in Houston, disparities in small business lending and bank branching were evident by the race and income level of neighborhood.

Does CRA Small Business Lending Increase Employment: An Examination on a County Level

Against the background of unemployment at record highs and poor private sector job increases, the NCRC report "Does CRA Small Business Lending Increase Employment: An Examination on a County Level," examines successful incentives and impediments to small business lending. The study suggests that banks were encouraged by the Community Reinvestment Act to increase lending to small businesses, driving job creation. The study also examines racial inequalities: minority communities receive less small business lending even while controlling for median income.

Foreclosure in The Nation's Capital: How Unfair and Reckless Lending Undermines Homeownership



This study shows that subprime lending and subsequent foreclosures were led by the private market and contained a clear racial component not explained by objective underwriting criteria. African American and Latino borrowers were more likely to receive a subprime loan, and to go into foreclosure, than similarly situated white homeowners, controlling for credit risk and other borrower, neighborhood and loan characteristics. For example, Latinos were 70 percent more likely and African Americans 80 percent more likely than their white counterparts to receive a subprime loan. Meanwhile, African Americans were almost 20 percent more likely and Latinos were 90 percent more likely than

Continued on next page ›

Recent Publications and Resources

(continued)

their similarly situated white counterparts to go into foreclosure. The Government Sponsored Enterprises (GSEs) had a moderating effect on risky and abusive lending practices; privately securitized loans went into foreclosure twice as often as loans backed by the GSEs.

Foreclosure Rescue Scams: A Nightmare Complicating the American Dream

Companies offering mortgage assistance for profit are a pervasive threat to community stability and sustainable homeownership. This report summarizes the findings of NCRC's mystery shopping investigation of dozens of "loan scam" companies. The report identifies common scams perpetrated against consumers, including phantom help, reverse mortgages, title theft, and short sale fraud, and highlights important red flags that every homeowner and housing counselor must know. NCRC's findings demonstrate that added oversight and enforcement is necessary to prevent consumers from being harmed.

Survey on the Home Affordable Mortgage Program (HAMP)

NCRC's HAMP Mortgage Modification survey provides alarming insight into the experience of homeowners going through the federal Home Affordable Modification Program (HAMP). The survey was administered to distressed homeowners seeking assistance from NCRC's Housing Counseling Network. The survey documents policy and programmatic shortcomings, including issues of fairness and equity, and offers pragmatic recommendations to improve upon the HAMP program. The survey is one of the first concerted efforts to document the experiences of homeowners throughout the modification process. (Editor's note: an updated version of the survey is expected to be released in winter, 2010). ■

Bank Closings Disproportionately Impact Low- and Middle-Income Americans

By John Taylor

A recent New York Times (NYT) article, *Bank Closings Tilt Toward Poor Areas* (February 22) underscores many of the reasons why no time should be wasted in pursuing passage of a bill that will expand and strengthen Community Reinvestment Act (CRA). The legislation also would encourage Wall Street investment banks to invest in tax credits and investment tools targeted at community and economic development in low-to-moderate income neighborhoods.

As the NYT article notes, 2010 was a year that saw a record number of local bank branch closings, with the vast majority of them in low- to moderate-income communities.

Why does it matter that for the first time in 15 years more bank branches closed (nearly 1,000 nationwide) than opened across the U.S.? And why is it important to be aware of the government data that indicates that as banks closed branches in hard-hit, poor areas, they continued to expand and open branches in areas of higher net wealth?

A marked absence of neighborhood bank branches causes people to seek financial products or services from other sources close to home, regardless of the tactics employed by those services. And when millions of Americans don't have access to fairly-priced financial products and services, it is an almost inescapable reality that by default, they will likely become prey to predatory lenders that thrive in underserved communities with shuttered local banks.

For the estimated 10–40 million American households without a relationship with mainstream, local and affordable financial institutions, CRA is a life-line, providing them with equal access to fiscal tools and products that can help them, and their communities, thrive.

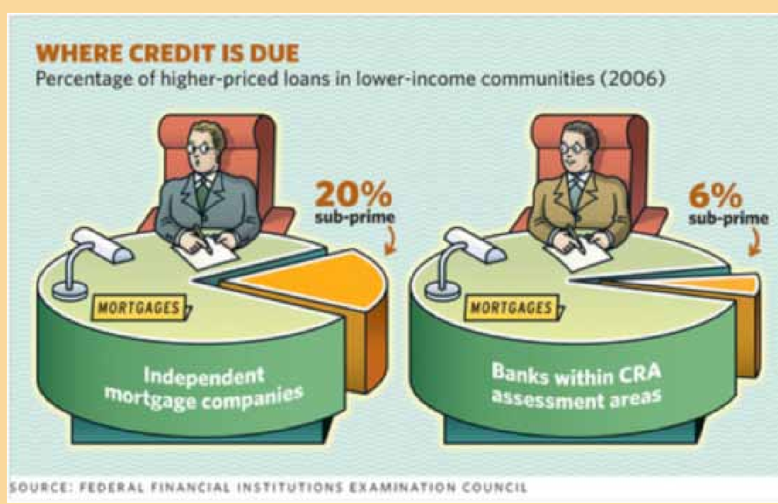
In low-income areas, where the median household income was below $25,000, and in moderate-income areas, where the medium household income was between $25,000 and $50,000, the number of branches declined by 396 between 2008 and 2010. By contrast, in neighborhoods where household income was above $100,000, 82 branches were added during the same period. This, despite the fact the long-standing government regulations require financial institutions to meet the credit needs of poor and middle-class neighborhoods.

At a time when it is clearer than ever that a dual financial system exists in America – one for middle- and high-income consumers and another for those who can least afford to lose banking access – the need for an enhanced CRA is critically needed – now.

When the CRA was signed into law more than three decades ago, it was a tool to combat discrimination and encourage banks to serve local communities. Over the years, it has proven to be a highly effective instrument of change, helping to spur significant job creation by leveraging hundreds of billions of dollars in private investments in small businesses and communities, without spending tax dollars.

Finally, in an era of highly risky lending schemes that have caused untold economic hardship for the nation, CRA lending has proven is be safe and sound. Federal Reserve research documents that 94% of high cost, or subprime loans, originated during the heydey of the housing boom were not covered by CRA. These were the loans that went belly up and resulted in a global financial crisis. ■

Stats that Matter



Coalition News

News about the members of the National Community Reinvestment Coalition and their work. Got a story you'd like included? Send it to communications@ncrc.org

Stories From The North Side Of Minneapolis

By Kristen Fitzpatrick

Velva Stewart and her husband bought their North Minneapolis home in 1970. It was where they would raise their kids, and eventually, their grandkids. But when her husband passed away in 1996, things took a turn for Stewart. After receiving an assessment from the City of Minneapolis for repairs she couldn't afford, Stewart approached several banks for a home repair loan. Despite having good credit, a good job and the house completely paid off, Stewart says wasn't able get a loan from a bank.

She turned to her local neighborhood association, which offered low interest home repair loans. Optimistic that she would be able to get a loan from her neighborhood association, Stewart got the repairs started using funds from her savings. When the loan fell through, Stewart didn't know where to turn next.

Unable to get a loan from traditional sources, Stewart was vulnerable to predatory lenders and foreclosure rescue scams. "The information was public. I got calls all the time," she says. Ultimately, in an effort to save her home, Stewart sold it to an investor who would rent it back to her, in exchange for the equity needed to make home repairs.

After about a year, though, the investor lost the home to foreclosure and Stewart was evicted from the home that her family had lived in for more than 35 years.

All told, Stewart estimates that she spent $100,000 trying to save her house. "It's been devastating. I lost everything."

Stewart was part of the epidemic of foreclosures hitting the country. In Minneapolis, neighborhoods on the city's north side were impacted early and severely by the foreclosure crisis. Between 2007 and July 2010, there were more than 9,500 foreclosures in Minneapolis; nearly half occurred in North Minneapolis.

In the midst of the crisis, a group of existing North Minneapolis-based nonprofit organizations came together to form the Northside Community Reinvestment Coalition (NCRC member) in 2008. Comprised of neighborhood, religious, ethnic and community organizations, the Northside CRC (referred to hereafter as the Northside CRC to avoid confusion with the National Community Reinvestment Coalition) works to address the immediate foreclosure crisis and its effects, while recognizing that the long-term term crisis of financial discrimination and access to credit must also be addressed. The vision of the Northside CRC is to build a coalition that genuinely engages residents as stewards of their own community wealth and as advocates for their own future.

If a golden rule for mortgage foreclosure prevention has emerged over the last few years, it is that the earlier a homeowner reaches out for help, the better. Unfortunately, many homeowners – either not knowing where to turn or feeling embarrassed – often wait until the foreclosure sale is scheduled to reach out for help. Instead of waiting for people to go looking for resources, the Northside CRC decided to take resources to the people of North Minneapolis by knocking on doors.

The Northside CRC has obtained lists of addresses that have received pre-foreclosure notices. They then use the information to organize door-to-door outreach to connect residents to resources and offer to help homeowners negotiate with their lenders.

Starting in North Minneapolis and eventually expanding to other areas in the Twin Cities hit hard by foreclosure, Northside CRC volunteers have knocked on nearly 700 doors, spoken to more than 250 homeowners and renters at risk for foreclosure, and connected more than 150 residents to resources. They have trained more than 50 community residents to door-knock, providing volunteers with materials, maps and talking points. With the foreclosure crisis particularly hitting low-income and communities of color, they have conducted outreach in Latino, Hmong, Lao and Liberian communities. Volunteers have also hand addressed more than 2,000 letters to residents, based on the idea that they may be more likely to open a personal correspondence than a form letter from their mortgage company.

While community volunteers worked to connect residents to resources through their door-knocking efforts, they soon learned that existing resources were inadequate to address many of the community's needs. They spoke to renters who didn't understand their rights and foreclosure, and often didn't even know their landlords were in foreclosure as they continued to pay their rent monthly. They spoke to responsible landlords trying to hold on to their rental properties and avoid displacement of their tenants, but found few resources available to them. They worked with homeowners and their lenders to secure loan modifications, but were often frustrated with trying to find the right person to talk to.

"We tried to learn from that experience on the ground," says David Snyder, Community Organizer with Jewish Community Action and one of the founding members of the Northside CRC. "We decided we needed to take a more direct approach with lenders."

As part of the more direct approach, this summer the Northside CRC called on local financial institutions to do more to meet the community's needs in the wake of the foreclosure crisis. At a press conference attended by local and national partners, including staff and board members of the National Community Reinvestment Coalition, the Northside CRC called on lenders and servicers to be more accountable by committing to:

- Identifying a local contact with decision-making authority to grant sustainable, permanent modifications, as well as the power to review and reverse decisions on loan modification;
- Assisting small-scale, responsible landlords with loan modifications;
- Donating, or discounting, sales of foreclosed properties to nonprofits;
- Creating a hardship and recovery fund; and
- An ongoing dialogue about future fair lending commitments.

Among those sharing their stories at the press conference was Velva Stewart.
Three years after losing her home, Stewart still finds it difficult to talk about her experience. She now lives with her daughter. She finds some comfort in knowing that her story may help others. "What happened to me, to our communities, is mind boggling. It takes a while to get your head around."

Stewart is channeling her energy into helping others. As the volunteer chair of the Northside CRC, her goal is to try to get banks to understand the devastation wrought by the foreclosure crisis. "We're door-knocking, talking

Continued on next page ›

to people, working with the banks. They [the banks] didn't lose anything. We [the community] are still the only loser in this. Banks are not the victim," Stewart said.

"The only way we're going to get somewhere is by focusing on communities and what banks are supposed to be doing," continues Stewart.

And there's been success on that front. One lender, Wells Fargo, has since agreed to identify a local decision-making contact with the power to discuss and escalate loan modifications, and reverse loan modification decisions, made by Wells Fargo and its subsidiaries. The local Wells Fargo representative will also participate in a monthly conference call with the Northside CRC to discuss loan modifications. Northside CRC continues to meet with other lenders to negotiate how they are meeting the needs of the community.

Velva Stewart now urges others to get involved in local efforts, as well as the National Community Reinvestment Coalition. "We help a lot of people, but we need to turn up the volume to be seen and heard." ■

"Practicing What We Preach"

By Arminta Stanfield

The Community Development Corporation Resource Consortium (CDCRC), Inc., recently acquired a coffee house in downtown Dayton, Ohio. CDCRC's president and CEO, Agaytha Corbin called the North River Coffee house an economic development centerpiece for the surrounding community. CDCRC is dedicated to creating and providing direct services through education, economic development opportunities and capacity-building services to grassroots non-profits, faith-based and community development organizations, and small businesses.

Staying true to its mission, CDCRC's recent acquisition of the North River Coffee House continues other similar acquirements to facilitate the non-profit's vision of creating a revenue stream by leasing space to other small non-profits and small businesses for a nominal fee. "We are building the capacity of the CDCRC to help others build their capacity," said Corbin. "Our goal is to 'take over the block' by purchasing other nearby buildings and also to create a great meeting and social place for the community and other businesses. We are practicing what we preach to small business owners, families and other grassroots organizations to leverage what you have. We feel that that's exactly what we're doing—doing a lot with little means to serve our communities by increasing employment and opportunity through economic growth." ■

In Brief

Duly Noted: NCRC Members Making News

Starting with this edition of ReinvestmentWorks, we'll issue short summaries of work you've done that's exciting, newsworthy, or new. Of course, without your help, we can't catch it all, so be sure to send us all your reports, press releases and news. If we don't know about it, we can't plug it. Email us at: communications@ncrc.org

It's been a busy spring for the coalition: it's a new year, a new Congress, and a new set of issues. After a slow start, Congress has recently gotten busy. In early March, **John Dodds** of the **Philadelphia Unemployment Project (PUP)** led a press conference with homeowners outside of a hearing to eliminate several housing programs, including the Emergency Homeowners Loan Program (EHLP) the Homeowners Affordable Modification program, and others. The action continued **PUP's** strong advocacy on the long awaited EHLP program, also joined by **PICO Network** and other groups. On that same day, **Peter Skillern** of **CRA-NC** was on Capitol Hill testifying before the House Financial Services Committee on the effects of Dodd-Frank on small financial institution. ■ **Rashmi Rangan (DCRAC)**, and **Kevin Stein (CRC)** expanded the coalition's representation on the Federal Reserve's Consumer Advisory Council, joining the NCRC members **Empire Justice Center, New Jersey Citizen Action,** the **Pacific Asian Consortium** and the **Woodstock Institute.** They've been hard at work, recently critiquing a Federal Reserve investigation of servicing practices that found no wrongful foreclosures had occurred. ■ And speaking of investigations, the **Metropolitan Milwaukee Fair Housing Council** has filed a housing discrimination complaint to HUD against Waukesha County. ■ Members **ANHD** and **NEDAP** in New York City helped introduce responsible banking legislation there that draws from NCRC's local CRA ordinance, following similar efforts by Los Angeles and Cleveland, also led by NCRC members. ** Why does CRA need to be strong? If it wasn't obvious already, consider this: over 1,000 bank branches closed in 2010, mostly in lower-income areas, as documented by the New York Times in a major story featuring NCRC alongside the City of Cleveland. Dozens of NCRC members have also been active on the flurry of recent merger activity, as the Bank of Montreal seeks to acquire M&I, Hancock Holdings announced its intention to acquire New Orleans based Whitney Bank, and First Niagara works to finalize a merger with NewAlliance. ■ File these under data drives the movement. In January, the **Woodstock Institute** released "Left Behind: Troubled Foreclosed Properties and Servicer Accountability in Chicago," a study of Chicago area vacant and potentially vacant properties. In March, the **Metropolitan St. Louis Equal Housing Opportunity Council** released Redlined: A Fair Lending Analysis of the St. Louis Metro Area." They find a restriction of access to credit to low-income people, with significant fair lending and community reinvestment concerns. The California Reinvestment Coalition also released a report grading banks in California on the products they offer. ■ They're not opinionated, they're just savvy: Maryellen Lewis of the Fair Housing Center of Metro Detroit, joined John Taylor in an op-ed about the value of homeownership in the Detroit Free Press.

Not a Member yet? Join today!

NCRC builds the capacity of its members to:

- Encourage private institutions to invest in their own communities,
- Advocate for private and public policies that improve financial opportunities in their local area, and
- Provide services that effectively respond to the credit /capital needs of their clients.

NCRC provides members with valuable customized data analyses, the insight and best practices of other members via the members-only listserv, subscriptions to Shelterforce Magazine and ReinvestmentWorks, discounted rates for our National Training Academy and National Conference, assistance engaging elected officials, and a voice in Washington, DC. To be a member, organizations must be a non-profit or government agency and working toward the goals mentioned above. For-profit organizations may submit donations. Contact the membership department at 202-628-8866, or membership@ncrc.org. ■

NCRC Events

NCRC Annual Conference Agenda

National Challenges, Local Solutions

Rebuilding Homes, Lives and Communities

April 13-16, 2011

Washington Court Hotel, Washington, DC

WEDNESDAY, APRIL 13

11:15 am – 12:00 pm
New Member Welcome and Conference Orientation

12:00 pm – 1:30 pm
Welcome Luncheon and Networking

1:30 pm – 2:30 pm
WORKSHOPS

- Organizing for Community Empowerment: Strategies that Work

1:30 pm – 3:45 pm
SPECIAL SESSIONS

- Job Creation through Private Sector Initiatives & Public Sector Financing
- Affirmatively Furthering Fair Housing

2:45 pm – 3:45 pm
WORKSHOPS

- CRA Expansion: Statutory & Regulatory Reforms to Increase Access to Credit and Capital for All Americans
- Integrating Faith-based and Community Organizing: Campaigns That Work

4:00 pm – 5:30 pm
PLENARY SESSION

- Positioning Your Organization for Growth, Entrepreneurial Strategies to Secure Your Organization's Future

5:30 pm – 6:45 pm
Annual Membership Meeting & Legislative and Regulatory Briefing (members only)

7:00 pm – 8:30 pm
Chairman's Reception

THURSDAY, APRIL 14

8:30 am -11:30 am
Congressional Visits

11:30 am – 1:30 pm
Congressional Luncheon

2:00 pm – 3:30 pm
PLENARY SESSION

- National Challenges, Local Solutions: New Hope for Distressed Communities

3:45 pm – 4:45 pm
WORKSHOPS

- Accessing Small Business Credit to Transform Neighborhoods
- Models and Approaches for Modifying Distressed Loans
- Vacant Property: Demolish or Develop? Legal and Marketing Challenges and Opportunities
- Consumer Financial Protection Bureau Update & Regulatory Reform Briefing
- Effective Supervision: Supporting Housing Counselors to Support Families in Crisis

5:00 pm – 6:00 pm
WORKSHOPS

- Minority and Women Business Enterprises
- Identifying & Challenging Systemic Mortgage Servicing Issues for Your Clients
- Tips and Tools on Negotiating with Banks for REO Properties
- Fair Housing Month: Focusing on Ways to Expand the Fair Housing Act to Promote Open Housing

6:00 pm – 7:15 pm
Exhibitors' & Networking Reception

7:30 pm – 8:30 pm
Film Screening – Nominee for Community Empowerment Film Award

FRIDAY, APRIL 15

7:30 am – 9:00 am
Breakfast

8:30 am – 9:00 am
SPECIAL SESSION:
Building Power to Address New Economic Realities

9:15 am – 10:15 am
WORKSHOPS

- How Community and Labor Organizations Can Empower Local Hiring
- Aging In Place & Avoiding Predatory Lending: A Survival Guide for Counseling & Ensuring Financial Security for Older Americans
- Using Data & CRA Exams to Bolster Lending
- Appraisal Reform Post Dodd-Frank

10:30 am – 12:00 pm
PLENARY SESSION

Interactive Discussion:

- The State of Mortgage Finance in America

12:30 pm – 2:00 pm
Lunch

2:15 pm – 3:15 pm
WORKSHOPS

- Show me the money! Innovative Financing Models to Address Liquidity Shortfalls in LMI Communities
- Fair Lending Colloquium – Legal Briefing and Update
- Making the Green Economy Work for Your Neighborhood
- Strategies for Foundation Support: Outputs, Outcomes, and Evaluation
- Building Power through Community Ownership: Community Land Trusts as Tools for Resident Empowerment

3:30 pm – 4:30 pm
WORKSHOPS

- Identifying & Overcoming Redlining that Undermines Community Revitalization
- Accessing Capital in Rural Communities
- Communicating About Your Issues: Public Relations for Community Organizations
- CRA 202: Advanced Practitioner's Colloquy

6:00 pm – 8:00 pm
NCRC Awards Dinner

SATURDAY, APRIL 16

7:30 am -9:00 am
Breakfast

9:00 am – 11:00 pm

- Social Media Immersion: Going Where the Fish Are: Why You Can't Afford to Ignore Digital Media Platforms

Who Should Attend?

- Community organizations
- Regulators & Policymakers
- Students & Academics
- Lenders & Industry Professionals

SUBJECT TRACK KEY

- Small Business & Job Creation
- Fair Housing, Fair Lending & Foreclosure Prevention
- Revitalizing Neighborhoods & Rebuilding Communities
- Policy & Regulatory Reform
- Fundraising, Communications & Capacity Building

NCRC NATIONAL CONFERENCE REGISTRATION AND MEMBERSHIP FORM

National Challenges, Local Solutions

Rebuilding Homes, Lives and Communities

April 13-16, 2011

Washington Court Hotel, Washington, DC

PLEASE REVIEW AND COMPLETE THE INFORMATION BELOW:

Attendee 1: ____________________

Title: ____________________ Phone: (____) ____________

E-mail: ____________________

Organization: ____________________

Street Address ____________________

City ____________________ State ________ Zip ____________

Attendee 2: ____________________

Title: ____________________ Phone: (____) ____________

E-mail: ____________________

Attendee 3: ____________________ Phone: (____) ____________

Title: ____________________

E-mail: ____________________

Type of Organization (check all that apply):

- ☐ Advocacy/Organizing
- ☐ CDC
- ☐ CDFI/Loan Fund
- ☐ Faith-based
- ☐ Financial Literacy
- ☐ Government
- ☐ Housing Counselors
- ☐ Member or Coalition Org.
- ☐ Technical Assistance Provider
- ☐ Other ____________________

☐ **YES, my organization would like to become an NCRC member!**
(select membership category below)

- ◯ Non-Profit (Budget less than $500,000) - **$150**
- ◯ Non-Profit (Budget more than $500,000) - **$250**
- ◯ Non-Profit (Budget more than $1,000,000) - **$600**
- ◯ Local Government Agency or Educational Institution - **$500**
- ◯ State or Multi-State Agencies - **$1,000**
- ◯ Sustaining Non-Profit Partner - **$6,000**

Write in your member dues amount $____________

☐ **YES, I'd like to become a member AND attend the conference.**
Please add the DISCOUNTED conference rate of $99 to my member dues.

Discounted Conference Registration $ 99.00

☐ **YES, I would like to register for the Annual Conference.**

	Member	Student	Non-Members	
Regular (February 4 - April 6)	$149	$40	$399	X________
Late/Onsite (After April 6)	$249	$75	$499	X________

DISCOUNTS: First registrant from each organization pays full fee. For two to four registrants, take 5% off total registration price. 5 or more registrants save 10% off total registration price. Not applicable to student rates. Student rates applicable to interns and Congressional staff.

SEND ALL REGISTRATIONS FOR YOUR ORGANIZATION IN A SINGLE BATCH.

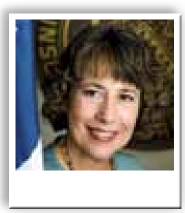
Conference Registration Fee $________

Group Discount (attach worksheet)* – $________

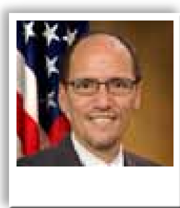
TOTAL AMOUNT DUE $________

*Please ensure full name, title, phone number, and email, for all conference attendees, is included on a separate worksheet.

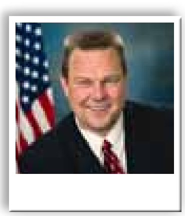
FEATURING GUEST SPEAKERS:



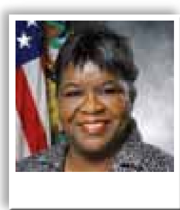
Sheila Bair
Chairman
Federal Deposit Insurance Corporation



Thomas Perez
Assistant Attorney General
U.S. Department of Justice



Senator Jon Tester,
Montana



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NCRC Events

See our new event calendar at www.ncrc.org for our latest schedule or to register.

Announcing Fair Lending Trainings for Housing Counselors

Housing counselors and non-profit leaders are cordially invited to attend trainings across the country on comprehensive fair lending and mortgage fraud issues, hosted by the National Community Reinvestment Coalition (NCRC) in partnership with the Department of Housing and Urban Development (HUD).

NCRC's National Neighbors team members will train housing professionals to identify fair lending abuses and mortgage fraud to assist them in systemically negotiating loan modifications and hold discriminatory and unscrupulous lenders and servicers accountable. Choose from five courses across a range of fair lending topics (see descriptions below.)

Tuition is free (a $1,300 dollar value)! Participation is open to all not-for-profit organizations and state and local agencies that provide housing counseling or fair housing services. There are a limited number of lodging and travel scholarships available for valid hardships only. For more information about scholarships, please call Luisa Melgarejo at 202-464-2711 or lmelgarejo@ncrc.org

	Identifying Mortgage Abuses	Full Fair Lending Review.	Affirmatively Further Fair Housing	Discrimination in Foreclosure	Preventing Fraud
3/21-3/24 - Memphis, TN	✓	✓		✓	✓
3/28-3/31 - Houston, TX	✓	✓		✓	✓
4/13-4/16 - Washington, DC	✓	✓	✓	✓	✓
4/25-4/29 - Oakland, CA	✓	✓	✓	✓	
5/2-5/5 - Las Vegas, NV	✓	✓		✓	✓
5/23-5/26 - Atlanta, GA	✓	✓		✓	✓
6/13-6/16 - St. Louis, MO	✓	✓	✓	✓	
6/27-6/30 - New Orleans, LA	✓	✓	✓	✓	
7/11-7/14 - Detroit, MI	✓	✓	✓	✓	
7/18-7/21 - Milwaukee, WI	✓	✓		✓	✓
8/8-8/11 - Philadelphia, PA	✓	✓	✓		✓
8/15-8/18 - San Diego, CA	✓	✓	✓	✓	
9/12-9/15 - Phoenix, AZ	✓	✓	✓	✓	
9/26-9/29 - Boston, MA	✓	✓	✓	✓	

Course Descriptions

Identifying Mortgage Abuses and Fair Lending Violations (Two-Day Introductory Course)

The goal of this two-day training is to teach participants to look at the foreclosure process through a fair lending lens. Partcipants will receive an overview of the historical mortgage marketplace and discuss issues relevant to the current housing market as well as fair lending concerns. Specifically, students will:

- Learn how to identify discrimination or fraud in underwriting and how to work with loan servicers on behalf of clients
- Identify new best practices that will facilitate loan modifications, refinances, and forbearance agreements
- Conduct full file review and forensic analysis of underwriting for fair lending and consumer protection issues
- Explain the various fair lending laws and protections for consumers
- Receive training on civil rights and consumer protection laws, regulations and techniques that will help sustain homeownership and hold lenders and servicers accountable for systemic violations of the law

Full Fair Lending File Review and Advanced Issues in Fair Lending for Housing Counselors (Advanced Course One Day)

In this training participants will gain a full understanding of how each mortgage document can be misused or manipulated. The training will provide a high-level analysis of credit reports and paystubs, 1003 (Uniform Residential Loan Application), TIL (Truth in Lending), GFE (Good Faith Estimate), Note, Mortgage, and disclosures.

Counselors will also be trained on case file management. This training will provide counselors with in-depth knowledge of loan documents, will increase the counselors' ability to identify fraud, improve their ability to craft loan modifications, ensure greater compliance with fair lending and consumer protection laws, and enhance their agencies' performance on audits.

Affirmatively Further Fair Housing Choice (Advanced Course One Day Course)

This module will train counselors about the laws, regulations, and HUD's policy priorities related to Affirmatively Furthering Fair Housing, including the obligations of Community Development Block Grant and Neighborhood Stabilization Act Grant recipients that engage in government contracting, consulting, supporting, training and other services to ensure compliance with the Fair Housing Act and Title VI provision of the Civil Rights Act of 1968.

Participants will gain awareness of discriminatory practices, innovative housing design or construction to increase access for persons with disabilities as well as available language assistance services to persons with limited English proficiency.

Discrimination in Foreclosure Prevention Programs (Advanced One Day Course)

Participants will gain knowledge of the loan modification process and practices of the various public and private foreclosure prevention programs (i.e., HAMP, HARP, HAFA, and model state programs). Counselors will explore the roles of different professionals in the foreclosure process and options consumers are given under these various programs: short sales, deed in lieu, mediation and etc.

They will learn how to identify acts of abuses and fraud by lenders, servicers, real estate industry practitioners (BPOs), attorneys and others engaged in the foreclosure process. This course will expose attendees to federal and state civil rights laws, state licensing laws, role of federal and state regulators, and best practices for solutions.

Preventing Fraud and Ensuring Access to Equity For Older Americans (Advanced One Day Course)

In this session, participants will gain an understanding of the discrimination that has and continues to affect older Americans. The course will provide an overview of how fraud and discrimination occurs in the reverse mortgage market, and increase participant skills in analyzing reverse mortgage loan documents for potential fraud, in order to help consumers access their home equity in a manner that facilitates "aging in place." Scams to be examined include phantom help, lease-back/rent-to-buy, fake government modification programs, and programs that promise debt elimination and facilitation of bankruptcy. ■

Program Update

From time to time, we'll give you information about one of our programs or initiatives that we think you'll find useful in your work.

NCRC Expands Reach of Business Development Services with New Center in Houston, TX

By Arminta Stanfield

In January, NCRC's new Houston Minority Business Enterprise Center (HMBEC) opened for business in downtown Houston, TX. HMBEC will join NCRC's two thriving business development initiatives -- the DC Minority Business Enterprise Center (DC MBEC) and the DC Women's Business Center (DC WBC) – and expands NCRC's mission driven effort to promote access to credit and capital for underserved businesses and communities.

"We are proud that we can bring to Houston what our DC Minority Business Enterprise Center has been successfully providing to minority businesses in the Washington, DC region: the tools they need to access capital, and to create and sustain business growth," said Owen Jackson, Vice President for Business Development at NCRC.

The Houston center is headed by Director Christopher Bilton. Bilton had this to say about the launch: "We're confident that the HMBEC will be a standout in the region and of real service to the business community in Greater Houston. We look forward to advancing NCRC's work, by creating the conditions for business growth and ensuring the economic sustainability of minority business enterprises in the Houston area."

The Houston MBEC is operated by NCRC and funded in part by a grant from the Department of Commerce Minority Business Development Agency (MBDA). Comparable to the DC MBEC, the Houston MBEC will offer professional services and expert advice to existing minority business enterprises grossing $500,000 or more in annual revenue. HMBEC offers advice on access to capital, finance, accounting, business management and development, government contracting, marketing, strategic planning, and bonding and venture capital investing. The center can be found online at www.hmbec.org. ■

Photo Caption Contest

Enter and Win Free National Conference Registration NCRC President & CEO John Taylor offers suggestions to Federal Reserve Chairman Alan Greenspan at a past NCRC conference. What do you think was said? Send us your caption. The winning caption will receive a free registration to the NCRC 2011 or 2012 annual conference. Email your caption to communications@ncrc.org with the subject line "Photo Caption Contest."

Get the NCRC Advantage!

The National Community Reinvestment Coalition (NCRC) proudly offers home buyers and housing counselors another powerful tool...a loan search engine that uses their unique credit profile to evaluate the loan options of 80+ lenders. Within minutes, buyers can be approved and choose from the best options available in the marketplace.

Members of the Housing Counseling Network can offer this service to their clients free of charge.

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- Only one application and credit profile needed to shop all lender programs
- Approval response within minutes with multiple options
- Access and identification of special programs unique to credit profile
- Programs for purchases, refinances and rehab
- Includes FHA / VA / Title I / 203K
- Safe, convenient and confidential

Get the NCRC Advantage—Start today!

Members of NCRC's Housing Counseling Network receive many benefits, including access to this special loan search engine. For more information about becoming a member and joining the Housing Counseling Network, accessing the loan search engine, or for foreclosure prevention help, contact Cheryl Cassell, Director of the Housing Counseling Network, ccassell@ncrc.org or 202-383-7702 ■

NCRC HOUSING COUNSELING NETWORK Partner

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We're always looking for photos, stories, or other media about our members. Got something to submit? Don't be shy. Send it our way. We can use high quality photos of your work.

Implementation of Consumer Protections: Launch of the Consumer Financial Protection Bureau

By Josh Silver, Vice President of Research and Policy

In response to the foreclosure crisis and the worst recession since the Great Depression, President Obama proposed and Congress passed financial regulatory reform legislation to reign in abusive lending practices, bolster oversight over the financial industry and strengthen enforcement of consumer protections with the goal of preventing future crises. In July of 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R. 4173).

The Dodd-Frank law aims to improve a fragmented and ineffective regulatory system. The United States' financial regulatory system is a "dual-banking" system in which both the federal government and state governments charter and regulate banks and savings and loans. This system of several bank regulators encouraged banks and thrifts to "charter shop" and choose a regulatory agency that was perceived as the most lenient. In addition, non-bank financial institutions are primarily regulated on a state level, and states often did not have the resources to adequately protect consumers.

The Dodd-Frank law creates the Consumer Financial Protection Bureau (CFPB), an important achievement for consumer protection advocates. According to the statute, the purpose of the CFPB is "to implement and enforce Federal consumer financial law consistently for the purpose of ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent, and competitive."

Implementation of the Consumer Financial Protection Bureau

The CFPB will officially launch as an independent agency in July of 2011; until that time, the Department of the Treasury is the parent agency in charge of ensuring that implementation proceeds. On September 17, 2010 Harvard Law Professor Elizabeth Warren was named an Assistant to the President and Special Advisor to the Secretary of the Treasury to set up the Consumer Financial Protection Bureau.

The Unfinished Business of Financial Reform:
Three Issues to Watch in 2011 and Beyond

Warren is currently determining the CFPB's priorities, staffing the CFPB, and is organizing its divisions and offices.

Priorities: The Dodd-Frank law included stronger protections against predatory lending. The anti-predatory lending provisions encourage the financial industry to provide standard, thirty-year, fixed-rate loans by creating a presumption of compliance with federal law if the industry offers these traditional loan products. In addition, a number of problematic loan practices that facilitated unaffordable and deceptive loans will be banned. For example, brokers and loan officers can longer receive kickbacks or extra compensation for placing borrowers in loans with higher interest rates when the borrowers can qualify for lower rates. The Dodd-Frank law also cracks down on appraisal fraud and abusive practices such as automatically assigning high-cost homeowners insurance to borrowers. Enhanced data disclosure provisions in Dodd-Frank that will be implemented by the CFPB promise to increase fairness in lending by publicly holding lenders accountable.

Staffing & Structure: The CFPB will have a director appointed by the President and confirmed by the Senate. The CFPB will have a number of offices and divisions devoted to consumer protection including the Office of Fair Lending and Equal Opportunity, the Office of Financial Literacy, and the Office of Financial Protection of Older Americans. The CFPB will implement and amend as necessary regulations implementing several consumer protection laws including the Equal Credit Opportunity Act, Home Ownership Equity and Protection Act, the Real Estate Settlement Procedures Act, the Truth in Lending Act, and the Home Mortgage Disclosure Act.

Limitations of the Consumer Financial Protection Bureau

The CFPB will have supervisory authority over large banks, non-bank mortgage companies, payday lenders, institutions making student loans, institutions providing loan modifications and mortgage relief, and several other types of lending institutions. Unfortunately, banks with assets under $10 billion are exempted from direct CFPB supervision. These banks will continue to be supervised by the federal bank regulatory agencies, but the CFPB will be updating the consumer protection regulations that the federal bank agencies will enforce in the supervision of banks under $10 billion in assets. This is a potentially significant loophole if the existing agencies continue their inconsistent enforcement, allowing deceptive practices to migrate to banks with assets under $10 billion.

Another glaring omission in the CFPB's oversight is that rulemaking and enforcement regarding the Community Reinvestment Act (CRA) will remain with the existing federal bank agencies. While CRA has leveraged significant amounts of responsible loans and investments, the uneven enforcement by the existing agencies most likely resulted in fewer sustainable loans and investments than would have occurred if a more assertive regulatory agency had overseen CRA.

The Dodd-Frank law also limited the ultimate authority of the CFPB. The CFPB's consumer protection regulations will be subject to the veto of the Financial Stability Oversight Council, which is a new interagency council of several federal regulators. It is hoped that these vetoes will not occur often since two thirds of the regulators on the council will have to agree to overturn a CFPB regulation.

What Advocates Need to Know

The next several months will be a critical time period for determining the strength of consumer protections under Dodd-Frank.

How independent will the CFPB be? Will efforts to weaken or undermine the CFPB attract enough bipartisan votes to reduce the CFPB's regulatory authority diminish its funding base or otherwise limit the CFPB? Currently, the CFPB will receive an allocation of funding from the Federal Reserve Board, making the CFPB immune from the politics of the annual appropriations process. Support the CFPB's funding: funding needs to be preserved and possibly augmented, if its first few years demonstrates a need for additional funding.

Who will be confirmed as the permanent Director of the CFPB? Whoever is nominated and confirmed will need to be a strong and visionary leader capable of making the CFPB the vigorous protector of consumers that is desperately needed in order to prevent future foreclosure crises. Support the nomination of a strong Director for the CFPB.

What will be the priorities of the CFPB, and what mandate will it have? The CFPB is essential to protect consumers from unfair and deceptive products. The CFPB's mandate cannot be contracted, and needs to be expanded to encompass additional laws like the Community Reinvestment Act.

How will banks with assets under $10 billion be supervised? These banks will continue to be supervised by the federal bank regulatory agencies. The CFPB and Congress will need to keep watch to make sure this significant loophole doesn't allow deceptive practices to migrate to banks with assets under $10 billion. ■

Administration Plan for Fannie Mae & Freddie Mac Threatens to Restrict Access to Homeownership

By Josh Silver, Vice President of Research and Policy

In February the Obama Administration released its plan to reform Fannie Mae and Freddie Mac. The Administration proposes to dissolve the two mortgage giants over a period of years, moving towards a housing finance system in which the private sector is the primary source of mortgage credit. The plan presents three options for discussion (addressed below), ranging from very limited government involvement in the mortgage market to a government backstop of a certain type of mortgage.

By shifting primary responsibility to the private sector for financing housing in America, the Administration runs the risk of shutting out future generations of working Americans from homeownership. The plan would raise guarantee fees, and down payment requirements for government-backed lending, ultimately phasing out Fannie Mae and Freddie Mac, and shrinking the Federal Housing Administration (FHA). The Administration proposes a 10 percent down payment requirement for Fannie Mae and Freddie Mac mortgages, and discusses a similar change for FHA. These changes will shut out large numbers of low- and moderate-income households who can afford monthly mortgage payments but cannot pay large down payments.

The Obama Administration's paper proposes three options for the future of the secondary market. Under each of the three options, FHA (Federal Housing Administration), VA (Veterans Administration), and the United States Department of Agriculture (USDA) would continue to exist and would offer government guarantees for mortgages. In Option One, government guarantees outside of FHA/VA/USDA mortgages would be eliminated. In Option Two, government guarantees outside of FHA/VA/USDA mortgages would be available only during times of crisis. In Option Three, government guarantees outside of FHA/VA/USDA mortgages would be available for a targeted range of mortgages; the plan does not specific the range.

Option 1 and 2 would dramatically decrease the availability of 30-year fixed rate mortgages and would shut out a large segment of modest income Americans from homeownership. FHA would not be able to accommodate the flood of modest income Americans shut out from mainstream mortgages. Abruptly terminating Fannie Mae and Freddie Mac without a well thought out plan risks leaving minority and low- and moderate-income borrowers at the whim of an overwhelmed and overburdened FHA

Of the options for the future housing finance system, Option 3 is the only one that has the potential to be expanded upon to achieve widespread and sustainable homeownership, but it would need to be significantly expanded to ensure that the secondary market institutions that take up Fannie Mae and Freddie Mac's market share will be able to promote the widespread availability of the 30-year fixed-rate mortgages, which is key to avoiding a new redlining of working class and minority communities.

While the paper does not specify which institutions will replace Fannie Mae and Freddie Mac, it is reasonable to assume that five to ten large big banks will assume the functions of securitizing and guaranteeing mortgages. This would exacerbate the problem of "too big to fail" and puts the figurative fox in charge of the henhouse; the securitization practices of Wall Street banks financing toxic mortgages was a major factor plunging this country into the current foreclosure crisis.

Shrinking the government involvement in the mortgage business and expanding the private market share will place a significant burden on the existing regulatory infrastructure to ensure that the industry does not misbehave. The Administration's plan notes the important role of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and needed reforms in securitization and servicing of mortgages.

But the plan is overly optimistic that the regulatory regime in place will be sufficient to deal with the growth of the private mortgage market. For example, it relies on the creation under Dodd-Frank of a Financial Stability Oversight Council to address systemic risk, and on the elimination of the Office of Thrift Supervision (OTS) to end regulatory arbitrage and charter shopping.

Dodd-Frank's consumer protections are also not strong enough; the newly created Consumer Financial Protection Bureau will not have enforcement authority over banks under $10 billion in assets, or over the Community Reinvestment Act. Dodd-Frank leaves these two functions to the existing bank regulators, the same ones who failed to prevent the financial crisis.

The proposal is also missing detail on ensuring that the financial industry has an obligation to serve all communities equitably; if Fannie Mae and Freddie Mac disappear, will the industry pursue their public goals of ensuring affordable housing? The Administration alludes to an obligation for secondary market institutions. The paper states that the Administration "will work with Congress to ensure that all communities and families – including those in rural and economically distressed areas, as well as those that are low- and moderate-income – have the access to capital needed for sustainable homeownership and a range of rental options. We will consider measures to make sure that secondary market participants are providing capital to all communities that reflect activity in primary markets, consistent with their obligations of safety and soundness."

Instead of affordable housing goals, NCRC recommends Community Reinvestment Act (CRA)-like exams for a broad array of financial institutions, including secondary market institutions. The Federal Housing Finance Agency (FHFA) previously proposed CRA-like exams in the summer of 2010 for Fannie Mae and Freddie Mac in measuring their performance financing the needs of underserved markets including manufactured housing, historic preservation, and rural markets. During the 111th Congress, members of the House introduced H.R. 1479 and H.R. 6334 which expanded CRA to several types of non-bank institutions.

The Unfinished Business of Financial Reform:
Three Issues to Watch in 2011 and Beyond

Building upon the FHFA proposal and the legislation in the 111th Congress, the policymakers ought to consider applying CRA to secondary market institutions. If Fannie Mae and Freddie Mac are eliminated, ensuring the secondary market has an obligation to meet the capital and credit needs of low- and moderate-income communities is essential.

In the mid to late 1990s -- before the surge in subprime lending -- millions of modest income Americans benefited from low down payment, prime loans made by banks. These loans were sustainable and performed well because they were devoid of the risk factors such as no income documentation, prepayment penalties and adjustable rates that plagued subprime loans.

For 95 percent of their history, Fannie Mae and Freddie Mac were successful in promoting responsible loans and sustainable homeownership. Abruptly terminating Fannie Mae and Freddie Mac without a well thought out plan risks leaving minority and low- and moderate-income borrowers at the whim of the private market, reliance on an overwhelmed and overburdened FHA. ■

Strengthening the Community Reinvestment Act

Legislative Summary

In March of 2009, Representatives Eddie Bernice Johnson (D-TX) and Luis Gutierrez (D-IL) introduced H.R. 1479, the Community Reinvestment Modernization Act of 2009. The bill had 60 cosponsors and was a comprehensive bill strengthening CRA as applied to banks and applying CRA to a variety of non-bank institutions.

One important area of strengthening CRA as applied to banks is the geographical coverage of CRA exams. H.R. 1479 would ensure that the great majority of loans issued by banks are scrutinized on CRA exams. The bill would require CRA exams to evaluate an institution's lending in geographical areas where they provide loans through brokers, correspondents, or through the internet. Presently, institutions are evaluated only in areas where they have bank branches. Examining a broad range of geographical areas is important because research has shown that banks make more prime, responsible loans to low- and moderate-income borrowers in geographical areas on CRA exams than in areas not on exams.

Towards the end of the 111th Congress, Luis Gutierrez (D-IL), Maxine Waters (D-CA), Al Green (D-TX), and Eddie Bernice Johnson (D-TX) introduced the H.R. 6334, American Community Investment Reform Act of 2010. Like H.R. 1479, H.R. 6334 would also apply CRA to a variety of non-bank institutions including independent mortgage companies, mortgage company affiliates of banks, and securities firms. If these non-bank institutions had been subject to CRA requirements sooner, the foreclosure crisis would have been less severe because CRA requires institutions to serve communities consistent with safety and soundness. In addition, applying CRA to a large segment of the financial industry would increase responsible lending and investing by hundreds of billions of dollars in communities.

Under H.R. 6334, institutions also would be penalized with lower ratings for offering products that were unfair, deceptive, or abusive. CRA grading would be made more rigorous by an introduction of a fifth rating, the requirement for a bank to apply if it wished to receive the top rating of Outstanding, and for the opportunity for the general public to review and comment upon preliminary exams (currently, only banks have the opportunity to comment upon preliminary exams before an exam is finalized).

Regulatory Summary

It is also likely during the 112th Congress that the federal bank agencies will propose regulatory changes to CRA. The agencies held hearings in the summer of 2011 on possible changes to CRA and are in the process of drafting a proposed rule. We expect them to address the geographical coverage of CRA exams, the components of CRA exams, and how exams consider community needs and data on housing and economic conditions. When the rule is proposed, the agencies will conduct a 60 to 90 day comment period. NCRC will be providing sample comments and technical assistance to community organizations to help them prepare comments.

Tips for Local Success

Use CRA in Your Work. CRA is vital to promoting safe and sound lending and investing in communities. Community organizations are encouraged to comment on CRA exams and merger applications. These comments should describe the local credit and banking service needs and whether banks are meeting those needs. Also, organizations should establish and expand upon dialogues with CRA officers of banks in their service areas to see how banks can increase their support of affordable housing.

Supporters of this law should promote CRA in letters to the editor or opinion pieces in their local papers. They should also affirm the value of CRA for foreclosure prevention, affordable housing, and economic development during any Town Hall meetings or other public events in their communities.

NCRC has developed a toolkit in support of CRA, available via http://www.ncrc.org. It includes a comprehensive overview of CRA, its impact on communities, and an update of legislative developments affecting CRA.

What Advocates Need to Know Now

Strengthening the Community Reinvestment Act (CRA) is vital to continue the wealth building, housing and economic development in our neighborhoods. CRA serves as an antidote to foreclosures by requiring safe and sound lending and investing.

Support bills that update CRA. We expect bills similar to H.R. 1479 and H.R. 6334 to be reintroduced in the 112th Congress.

Oppose bills that would weaken or repeal CRA. Rep. Jeb Hensarling, the Vice Chairman of the House Financial Services Committee, introduced a bill in the 111th Congress that would repeal CRA. Expect similar bills in the 112th Congress from opponents of CRA. ■

CRA Makes a Difference for One Small Contractor

By Kristen Fitzpatrick

Like many small contractors, Carlos Hernandez, owner of CNAM Construction Company, has to deal with cash flow issues. When his company began rehabbing a vacant North Minneapolis home for the Greater Metropolitan Housing Corporation (GMHC), CNAM had to advance its own funds to cover its initial labor and materials costs for the rehab. Hernandez knew that his company would be reimbursed by GMHC once the work was done, but that reimbursement would not occur for several months. With bank loans in short supply as credit standards tightened up, Hernandez turned to the Metropolitan Consortium of Community Developers (MCCD) for a short term loan to

cover his costs for the project. When the rehab was completed in July, Hernandez was able to repay MCCD and move on to his next job. "The MCCD loan made a real difference for me," Hernandez says. "I couldn't have gotten my work done on time without it."

MCCD, a CDFI in Minneapolis-St. Paul, was able to provide the loan to CNAM Construction through its Emerging Small Business program, which is geared to providing access to capital and technical assistance to small businesses, particularly those owned by women and minorities. The bulk of MCCD's revolving loan capital is provided by $1.25 million in Equity Equivalent (EQ2) investment from two banks headquartered in Minneapolis: U.S. Bank and Wells Fargo.

Lenders, including Wells Fargo and U.S. Bank are able to use their EQ2s to meet the Community Reinvestment Act's investment test on their performance evaluations.

With longer-term capital available, MCCD has been able to offer more responsive products to small businesses, such as a new transactional financial product for contractors, such as CNAM Construction, working on projects funded through the Neighborhood Stabilization Program. By removing this barrier to capital, MCCD's goal is to promote small, women- and minority-owned contractors' participation in the economic stimulus and recovery efforts. ■

Dodd-Frank Act Enhances Data Disclosure and Accountability

By Josh Silver

At NCRC, we have a saying that "Data Drives the Movement for Economic Justice." In other words, accountability depends on transparency. Financial institutions are more likely to provide affordable products if they must disclose to their regulatory agencies and the public data on its lending by borrower demographics, the price of its products, and the terms and conditions of its products.

An important element of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* was the significant improvements to publicly available lending data. The Act incorporates data enhancements contained in the Community Reinvestment Modernization Act of 2009 (H.R. 1479). NCRC worked with the lead co-sponsors of H.R. 1479 to enhance data such as small business loan and the Home Mortgage Disclosure Act (HMDA) data.

The Dodd-Frank Act will require banks and other non-bank lenders to report race and gender of borrowers of small business loans, the census tract location of the business, action taken with respect to the application (approved or rejected), and the revenue size of the business. Currently, the data on small business lending contains no information on the race and gender of the business owner and limited categories of revenue size.

The absence of race and gender in the data makes it difficult for stakeholders and the public to know how many minority- and women-owned businesses are being served. From the few national-level surveys conducted with data provided by the Federal Reserve, the existing evidence suggests the likely possibility of discrimination in small business lending. More data for each individual lender on race, gender, and business size would likely promote an increase in lending to women- and minority-owned small businesses, including the smallest businesses.

Likewise, the Dodd-Frank Act increases transparency in lending by enhancing HMDA to collect information on the creditworthiness and age of the borrower, total fees and points, presence of teaser rates or prepayment penalties, and the use of a mortgage broker or loan officer. The Act also creates a default and foreclosure database that provides data on the census tract level of delinquency, defaults, properties that are real estate-owned, and properties for which the outstanding amount owed is greater than the value of the property. Finally, the Act requires a publicly available database of modifications executed under the federal Home Affordable Modification Program, including approvals and rejections of applications for modifications.

HMDA data has been valuable over the years in tracking lending by race, income, and gender of the borrower and by income and minority level of the neighborhood. However, it was not until 2004 that the data had an indication of whether a loan was high-cost. Moreover, the current data does not have any indication regarding the performance of loans or loan terms and conditions such as the presence of prepayment penalties or teaser rates. If the general public and stakeholders had had widely available information about problematic loans features and high delinquency rates five or so years ago in the HMDA data, it is possible that the current foreclosure crisis would be much less severe. There would have been much greater public pressure on the lending industry and public officials to stop the problematic practices.

After passage of the Dodd-Frank Act, the next challenge is to ensure that the various regulatory agencies charged with implementing these data enhancements do so in the vigorous manner required by the new law. NCRC will be alerting our members when the agencies announce their proposals for public comment on this new data collection and dissemination. Robust data is critical for bolstering increases in responsible lending. After several years advocating for this type of data, it is a significant accomplishment for the data to be required by law, but we must be vigilant to influence how this data is collected and disseminated. ■

Only Credit Elites Need Apply?

‹ Continued from page 1

to investigate 22 mortgage providers after the National Community Reinvestment Coalition (NCRC) filed complaints accusing them of engaging in unfair, discriminatory lending practices. NCRC challenged dozens of the nation's top 50 FHA lender, after our research found that the majority of the institutions failed to comply with FHA loan program policies by denying loans to potentially qualified borrowers with credit scores between 580 and 640. Even though FHA promises a 100% guarantee for refinance and home purchase loans to borrowers with a credit score of at least 580.

Not that long ago, everyone and anyone could get a loan. Today the lending pendulum has swung too far in reverse, creating a "credit elite."

Just because someone has a credit score below 640 does not mean that the borrower cannot pay a mortgage. Keep in mind—nearly one-third of all Americans have credit scores under 620, so these policies are now denying an enormous qualified segment of the American public from the possibility of homeownership. Few of us never face tough financial times; job loss, death or illness in the family, or other unexpected expenses, affect everyone. Credit scores can drop significantly should a borrower miss one or two payments on bills. Historically FHA has provided credit to these borrowers, and because of the agency's premium collection fund and tough underwriting standards, taxpayers have never had to bail out any FHA borrower.

When FHA lenders deny loans to qualified borrowers without rhyme or reason it is in direct violation of FHA lending rules. These policies have debilitating consequences for consumers and our economy. Not only have these policies denied access to qualified homeowners seeking to avoid foreclosure by refinancing at a lower rate, it also has limited the ability for eligible borrowers to purchase a home. In turn, this will prevent many properties from contributing to local tax bases. Arbitrarily suppressing the impact the FHA program could have only works against stabilizing home values and economic recovery as a whole.

Even worse, these policies have a disproportionate and adverse impact on African-American and Latino individuals and families—the very same communities that have been most harmed by the greed and malfeasance of Wall Street. The practices are discriminatory in nature and stand in direct violation of the Fair Housing Act, the Equal Credit Opportunity Act, and the Community Reinvestment Act.

In February of 2011, Quicken Loans announced it would drop the credit overlay and issue FHA loans to a 580 credit score, and Wells Fargo announced it would modify its overlay, adopting standards closer to FHA's. A third lender, MetLife Bank, reached an amicable agreement with NCRC to drop its credit overlays. These developments are positive, but it remains to be seen if the rest of the market follows the leadership of these three lenders.

The housing crisis is not the fault of working class families, yet they are the ones who continue to suffer. The very people we should be helping are the ones lenders are closing the door on. NCRC calls on our nation's lenders to voluntarily revise their policies and to extend credit, in a safe and sound manner, to all hardworking Americans based on their ability to pay and other strong underwriting standards. Doing so will not only help strengthen our economic recovery, but will ensure that all Americans, regardless of race, are able to access

FROM THE EDITOR

New Look, New Ways to Communicate

By Jesse Van Tol

ReinvestmentWorks is a little different this month. We've taken the leap and moved the newsletter over to an all digital format, allowing us to deliver our news to you in a more timely and efficient manner. Our new format will allow all ReinvestmentWorks readers to print their own copy at home, and having the newsletter available digitally makes sharing over social media, or email much easier. Plus, it will help us improve our measurement of what stories you like, and which ones you don't. We're also exploring new, higher frequency methods of keeping our membership informed.

We've opened new avenues to communicate with our members and community. We recently revamped www.ncrc.org, making it much easier to find resources, reports, and navigate the site. The new site is social media enriched, making it easy for you to post content (such as press releases or report summaries) from our website to your social media page, whether you use Facebook, LinkedIn, or just regular email. Our social media sites are also kept up to date with tidbits and news of the day – allowing you to join us in conversations about what's really important. So check us out. Visit www.ncrc.org and click on one of our social media sites, sign up to receive our emails, or just take a look around.

As always, we rely on you to tell us what stories and resources you'd like to see, so you should always feel free to call, at 202-628-8866, or drop us an email at communications@ncrc.org. ■

Reinvestment WORKS
Jesse Van Tol, Editor

ReinvestmentWorks is published by the National Community Reinvestment Coalition.
NCRC welcomes your questions and member article comments. Contact us at:
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Careers at NCRC

NCRC is always looking for talented and self-motivated individuals. We currently offer the following career opportunities:

- Program Manager, Training and Education
- Director, National Neighbors Silver
- Director, Legislative and Policy Advocacy
- Marketing Communications Manager
- Legislative and Policy Analyst
- Mortgage Advisor, NCRC Housing Counseling Network
- Regional Coordinator, NCRC Housing Counseling Network
- Development Intern
- Regional Organizer

If you are interested in working in a dynamic and diverse environment, please send a cover letter, resume, short writing sample and salary expectations to the Human Resources Department at hrdept@ncrc.org or to NCRC, 727 15th Street, NW, Suite 900, Washington, DC 20005.