



Ms. Taylor Williams Comes to Washington

3



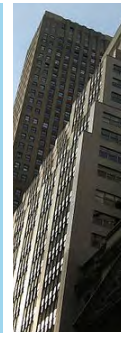
Empowering Consumers Through Housing Counseling Training

11



Seeking Ways to Ensure Local Banks are Socially Responsible

14



NY Embraces Strategy for More Local CRA Oversight

15

A Publication of the National Community Reinvestment Coalition - Summer 2011

# Reinvestment WORKS

Visit us on the web at [www.ncrc.org](http://www.ncrc.org)

## NCRC Opposes Capital One Acquisition of ING Direct USA

By Jesse Van Tol

The National Community Reinvestment Coalition (NCRC) announced August 1<sup>st</sup> that it would oppose the Capital One acquisition of ING Direct USA, citing serious concerns about the impact of the deal on consumers, communities and the economy.

The deal would make Capital One the fifth largest bank in the United States. "We already have four too big too fail banks, why make a fifth?" said John Taylor, President & CEO of NCRC, in a statement announcing the opposition.

"This is the most important test since the passage of Dodd-Frank of whether or not the bank regulatory culture has changed in this country. Should a systemically important bank be allowed to become bigger without a clear case that it will benefit society? The answer is emphatically no," said Taylor.

NCRC initially called on the Federal Reserve to hold public hearings and extend the comment period for the proposed Capital One Financial Corporation acquisition of ING Direct USA. [In the letter sent July 25th to Federal Reserve Board Chairman Ben Bernanke](#) regarding the acquisition, Taylor wrote:

"Only a few years ago, we all witnessed the inherent danger in allowing financial institutions to become so large in scale that a private business failure

*Continued on page 14* >



## Qualified Residential Mortgages: The American Dream of Homeownership for Future Generations Imperiled

By Josh Silver

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") promoted responsible lending by requiring financial firms to retain 5 percent of the credit risk when they sell loans to investors. Leading up to the crisis, mortgage firms did not carefully underwrite loans and then sold loans to investors, knowing that they would not experience any financial loss for problems with the loans. The 5 percent credit risk requirement was intended to change this perverse dynamic, giving financial firms a stake in the loans' performance, commonly referred to as "skin in the game."

Financial institutions will be exempt from the 5 percent risk retention requirement on certain types of mortgages, known as Qualified Residential Mortgages (QRMs). QRMs contain loan terms and practices that the regulatory agencies have determined are less likely to end up in default. The regulatory agencies have appropriately specified a series of risky loan terms and practices that cannot be in QRMs such as prepayment penalties and a lack

*Continued on page 17* >

## Looking Back at the 2011 NCRC Annual Conference

The 2011 NCRC Annual Conference was a memorable experience for everyone involved. The event provided new and seasoned NCRC members with a variety of useful workshops and plenaries, not to mention the camaraderie that only a conference attendee could benefit from. The featured highlights from Reinvestment Works' recap of the 2011 Annual Conference, "National Challenges, Local Solutions," are: an analysis of Robert Egger's plenary speech on forward-thinking for nonprofits, an interview with Ms. Taylor Williams (Executive Director of the Metropolitan St. Louis Coalition for Inclusion and Equity), a photo montage of conference events, and a recap of NCRC's 2011 National Achievement Awards.

Ready to revisit this year's conference? Just go to page 2, but don't forget to check out the save-the-dates for the next NCRC annual conference and the Birmingham Regional Conference. ■



# NCRC 2011 Annual Conference Highlights





## NCRC 2011 Annual Conference

# Ms. Taylor Williams Comes to Washington

Interview conducted by Kristen Fitzpatrick on behalf of Reinvestment Works

Romona Taylor Williams is the Executive Director of the Metropolitan St. Louis Coalition for Inclusion and Equity. Known as M-SLICE, the organization is a diverse grassroots community and economic development coalition that addresses and alleviates institutional and

to NCRC – to bring six women from my community to this conference. To give them an experience, to learn more about what M-Slice does as an organization, and to get a clearer understanding of why our communities on the North Side [of St. Louis] ended up in the

also their first trip to Washington. For three [of the women], it was their first time flying. It was special. Two of the women are on the M-SLICE's board [of directors] and that's really been good for planning and our organizational development as well.



systemic barriers that prevent traditionally marginalized individuals, families, and communities from achieving their full capacity and flourishing in wholesome and thriving neighborhoods. Ms. Taylor Williams attended NCRC's 2011 Annual Conference held in Washington, DC. It was her 6th time as a returning NCRC member, but this year for the first time, she attended as part of a delegation of six women from St. Louis. Reinvestment Works caught up with Ms. Taylor Williams and asked her about her experience at this year's conference.

### **ReinvestmentWorks: Why were you interested in attending the NCRC conference?**

**Romona Taylor Williams:** I've been a member of NCRC for about 15 years now. It's been a long time! The [NCRC] conferences have always been an empowering tool for me, especially as someone who works at the grassroots level. Having the opportunity to network with other industry professionals, and to [advocate] on Capitol Hill, and to learn about how systems are changed and how public policy is moved forward – that's why I enjoy coming to NCRC's conferences.

But what was really special for me this time was that I had the opportunity – thanks

conditions that they're in today. This conference was very, very special for me. It gave every day grassroots women the opportunity to get on an airplane, fly to Washington, DC, attend a national conference, and experience something they had never experienced before in their lives. And the lessons learned from the conference... we are even beginning to implement those strategies here at the local level. We've started dialogue around the issues of jobs and community development.

I really appreciated the planners of the conference this year because they framed the sessions from a community development perspective. It's something that I've been advocating for many years that [the Community Reinvestment Act] is a tool of the community development industry and that we need to bring that into a broader, comprehensive scope. That happened at this conference. I really enjoyed and appreciated the sessions around community organizing and job creation.

### **Tell us about the women who came with you to the conference.**

**Romona Taylor Williams:** It was their first NCRC conference and their introduction to NCRC; in many ways it was their first introduction to the Community Reinvestment Act. It was

### **What is your favorite part of NCRC's conferences?**

**Romona Taylor Williams:** I always like the Chairman's reception, but I think that my favorite part of the conference is the workshops, the trainings. This year, I really enjoyed the sessions on fair housing because we have multiple fair housing issues in St. Louis. So I tried to focus more on the fair housing part and also the CRA cases that have been brought here in St. Louis. I was looking more on the civil rights side and attended those sessions. The other women attended the sessions on jobs creation and the organizing. It was really good for me this time to have co-workers and my grassroots colleagues attend because we were able to absorb more of the conference rather than me having to be there alone.

### **How are you using what you learned at the conference back in your community?**

**Romona Taylor Williams:** On the fair housing side, we have been talking to different residents in the community about a particularly troubling ordinance that we have, a nuisance ordinance, so we've started organizing around that. We're also having discussions on green jobs creation, and tying that into the Carter Carburetor Superfund site that is going to be cleaned up and eventually redeveloped. How do we advocate as a community for that site to be redeveloped as a green jobs habitat? So that's one of the things that we're going to be working on.

Another thing that was of interest to one of my colleagues...she sat in on a session [New Alliances: Breaking Down Barriers to Create Opportunity for Underserved Communities] with Mark Ayers, President of the Building Trades Department at the AFL-CIO. Locally, we have issues with our trades unions relative to hiring disparities. [Ayers] mentioned that, on a national level, [the AFL-CIO] is placing more emphasis on equity in hiring and apprenticeship training. That's really important for our community. There's a study that was recently released by the University of Missouri-St. Louis on racial disparities in the construction trades in St. Louis. Only 7% of construction workers in St. Louis are non-white males. Eighty-one

Continued on page 6 >

## NCRC 2011 Annual Conference

# NCRC's 2011 National Achievement Awards: Celebrating Community, Celebrating Leadership

By Arminta Stanfield

Excitement filled the air at NCRC's 2011 National Achievement Awards dinner, an annual celebration of community leaders and public officials advancing fairness and opportunity in the financial system. Each year, a vigorous process ensues weeks before the conference to select individuals and organizations that are leading efforts to expand financial access for working families and communities.

After consideration and debate, seven community leaders and organizations emerged from the nomination pool for outstanding work and extraordinary contributions made to their communities. Among the seven was Inez Killingsworth, winner of the 2011 National Community Reinvestment Award, and Founder and Board President of Empowering and Strengthening Ohio's People. ESOP, as it is known, is a powerhouse foreclosure counseling agency located in Cleveland, Ohio. ESOP has a 75% success rate in negotiating resolutions for homeowners facing foreclosure.

"I was excited and surprised, it was a great honor for me to be recognized!" said Killingsworth, the elation still in her voice weeks after the awards ceremony. "Sometimes you have to fight so hard to get things done; you don't realize people are recognizing your hard work. What I do, I just do it." When asked where she keeps her award plaque, Killingsworth matter-of-factly replied, "I've taken it to church, it's been in the office, and now it's displayed in my living room."

NCRC's John Taylor, in a press release, made this statement in tribute to the 2011 award winners: "NCRC's National Achievement Award winners embody the movement for fair access to capital and credit. They are leaders



NCRC President and CEO John Taylor with NCRC members at the 2011 Annual Conference

in their field, worthy of being celebrated and supported. These community leaders aren't standing by waiting for help; they're going out there and making change happen, in some cases despite incredible odds."

### Summary of NCRC's 2011 National Achievement Award winners:

**Inez Killingsworth**, Empowering & Strengthening Ohio's People, Cleveland, OH  
Recipient of the **National Community Reinvestment Award**

Inez Killingsworth founded the East Side Organizing Project in 1993, taking it statewide in 2008 under a new name: Empowering and Strengthening Ohio's People (ESOP). ESOP has become a powerhouse foreclosure counseling agency – and organizing presence -- in the state, with 8,000 families receiving help in 2009 in

the nonprofit's 11 Ohio offices. In 2010, they reached more than 10,000 families and saved more than 3,200 homes from foreclosure.

**Manuel "Manny" T. Gauna**, Tiempo, Inc., Phoenix, AZ

Recipient of the **William H. Proxmire Award**  
Manuel "Manny" T. Gauna served as President and CEO of Tiempo, Inc. in Arizona from 1978 until his death in 2009. Under his administration, Tiempo orchestrated projects that include office and specialty retail facilities, a computer training facility, single family homes, a 172 unit subdivision and numerous apartment and recreational complexes for low-income families, the elderly, and handicapped. For twenty-five (25) years, he worked to improve and increase affordable housing for rural poor seniors, and families throughout communities in Arizona. His work was not limited to the

*Continued on page 6* ➤

## Nominations for NCRC's 2012 National Achievement Awards...open now

If you, someone you know, or your organization would like to nominate someone for a National Achievement Award, submit your nomination for the 2012 nomination pool by emailing [communications@ncrc.org](mailto:communications@ncrc.org) with "2012 Awards Nomination" in the subject line. The award categories are as follows:

**National Community Reinvestment Award** recognizes an individual who through their work has best exemplified the ideals and values of the community reinvestment movement and economic justice.

**The Honorable Rep. James Leach Award** honors the most outstanding rural non-profit organization that best promotes fair and equal access to credit and capital.

**James Rouse Award** recognizes the most outstanding urban non-profit that best promotes fair and equal access to credit and capital.

**The Honorable Rep. Henry B. Gonzalez Award** is awarded to the most outstanding government official, agency, or for-profit firm that forges the most effective partnerships with community

nonprofits and assists them in helping traditionally underserved people build wealth and economic opportunity.

**Senator William H. Proxmire Award** recognizes the individual whose life's work exemplifies the spirit and work of Senator Proxmire, an author and lead sponsor of the Community Reinvestment Act, by their contributions to economic mobility.

**Community Empowerment Film Award** honors independent filmmakers whose work focuses

on economic equality, community empowerment, financial inclusion, neighborhood revitalization, and job development.

**Color of Money Award** recognizes a member of the media who produced or composed the most helpful documentary, newspaper reporting, book or public information campaign that contributes to the public's understanding of the need for fairness and access in the US financial system. ■



# Outside the Nonprofit Box: How Innovative Thinking Can Empower, Sustain, and Serve

By Joe Blend

We've all encountered the expression "thinking outside of the box" when faced with a challenging situation. It's a phrase that encourages an individual or organization to explore new ideas, fresh ways of thinking, and

that solutions to sustainability and progress are usually right in front of us and can exist on multiple levels. Earlier in life, he developed an interest in music. The duality of entertainment and cultural message that flowed through

reasons they thought his idea wouldn't work. Their thinking was wrapped around what Egger calls "the machine," a pattern of organizational behavior and action that becomes the norm for the industry, even if those actions are generating minimal progress. Today, Egger's culinary program is in its 23rd year of operation and is about to graduate its 83rd class of students.



## A fresh look at charity

Egger says charity has been built up on the "extra", which is to say extra money, supplies, resources, etc. The only problem with this is that the "extra" won't always be around; it's an era that's coming to an end. Charity has also become focused on the idea of the redemption of the giver, not the liberation of the receiver. Egger challenges nonprofits to come together, pooling together the power to sustain their efforts.

Ninety percent of the current generation have been raised doing service. They aren't interested in traditional charity; they want to be part of an empowered movement. They want to merge their lifestyle with the way they make a living while at the same time, contribute to society in a positive manner. That's a powerful, passionate force that can actively and consistently engage a nonprofit's mission on multiple levels due not only to their beliefs but also their desire to stay digitally connected via smart phones and social media.

different perspectives that may otherwise be considered non-traditional and perhaps a little intimidating. Fresh ideas and ways of doing things lead to new opportunities that can benefit any effort, especially nonprofits, regardless of scope.

For nonprofits, the goal of new ideas is not to find an easy way to bring in donations from people looking for redemption. The goal is to liberate the people your organization serves, to empower your organization to effectively engage its mission, and to connect with similar organizations in more meaningful ways. One nonprofit champion who best exemplifies this manner of thinking is Robert Egger, Founder and President of the DC Central Kitchen, and a keynote speaker at the NCRC 2011 annual conference. What follows are some of his creative ideas on how to approach nonprofit efforts in ways that are efficient, effective, and sustainable.

music fascinated him; it helped him realize how someone can reach people on meaningful levels using familiar, everyday elements of society.

## A new kind of kitchen

The DC Central Kitchen was the first "community kitchen" in the country, where food donated by hospitality businesses and farms has been used to empower a nationally recognized culinary arts job-training program. The goal: to offer more food, spend less money, and offer practical work skills. Instead of simply providing food in a service line style, Egger's kitchen brings people in from the street and teaches them how to cook; this allows them to be a part of the process while shortening the lines by changing the way the food is served. In the end, the program not only successfully feeds those in need but it repays the donors of the food by providing the industry with men and women who are ready and able to work.

When Egger initially proposed this idea to nonprofits that fed the poor, they cited all the

## Empowerment is more than just having a voice

Egger believes that too often, nonprofits are accustomed to sitting on the sidelines and waiting until decisions get made, then reacting accordingly. If the nonprofit sector were its own country, it could be the 7th largest economy in the world. However, this sector doesn't have a say in the budget processes of local communities. Nonprofits must own their power; they need to let go of their individual organizational concerns of survival and realize that this is a time to come together to provide strength and sustainability for their collective mission to serve.

A concept that Egger embraces is the idea of merging efforts, noting how division is a hindrance to progress and success. When outside forces use a divide-and-conquer approach, groups can be controlled; it is this division Egger's says is weakening the American nonprofit sector. Not limited to two-become-

## It all started with music

Robert Egger's approach is founded on the idea

# NCRC's 2011 National Achievement Awards

◀ Continued from page 4

state of Arizona. His efforts to enhance and protect the rights of the poor in housing were extended outside his community by working with organizations in California, New Mexico, and Texas to increase safe and affordable housing for residents of these states that live in rural communities.

### **HOPE Enterprise Corporation,**

Jackson, MS

#### Recipient of the **James Leach Award**

Hope Enterprise Corporation is a financial institution, community development intermediary and policy center that provides affordable financial services; leverages private, public and philanthropic resources; and engages in policy analysis in order to fulfill its mission of strengthening communities, building assets, and improving lives in economically distressed parts of the Mid-South. Since 1994, their efforts have generated over \$1.4 billion in financing and benefited more than 75,000 individuals in the Delta, Katrina-affected areas and other distressed communities throughout Arkansas, Louisiana, Mississippi, and Tennessee.

### **Boston Community Capital,** Boston, MA

#### Recipient of the **James Rouse Award**

Boston Community Capital (BCC) is a community development financial institution whose mission is to build healthy communities where low-income people live and work. They accomplish this mission by investing in projects that provide affordable housing, good jobs, and new opportunities in low-income communities, connecting these neighborhoods to the mainstream economy. Since 1985, BCC has invested more than \$550 million to support organizations and businesses that

benefit underserved communities. Their loans and investments have helped build or preserve affordable homes for over 10,000 families and individuals.

### **Pennsylvania Housing Finance Agency,**

Harrisburg, PA

#### Recipient of the **Henry B. Gonzalez Award**

For nearly 40 years, the Pennsylvania Housing Finance Agency has supported families and communities throughout Pennsylvania by providing capital for decent, safe, and affordable homes for vulnerable populations including low-income families, older adults, and people with disabilities. This agency finances the creation and rehabilitation of affordable rental housing for low-income families and supportive housing to help people with disabilities live independently, as well as providing rent subsidies for older individuals who move from nursing homes to apartments. This agency is also a leader in linking affordable housing and social services to assure that families in need can access services conveniently.

### **Cleveland vs. Wall Street,** Documentary film

#### Recipient of the **Community Empowerment Award**

In this documentary on the devastating numbers of foreclosures that have crippled certain neighborhoods in the Rust Belt city of Cleveland, filmmaker Jean-Stephane Bron concocts a mock trial that pits the city of Cleveland against 21 banks it blames for the foreclosures that wrecked the city's economy. *Cleveland vs. Wall Street* premiered at the 63rd Cannes festival in 2010.

### **Simon Johnson & James Kwak,** authors, *13 Bankers*

#### Recipients of the **Color of Money Award**

Simon Johnson and James Kwak have been stalwart defenders of the Community Reinvestment Act, debunking at every turn the preposterous lie that CRA caused the financial crisis on their blog, the Baseline Scenario. Their book *13 Bankers: the Wall Street Takeover and the Next Financial Crisis* is a sharp and riveting analysis of the financial crisis. The book sounds a call we should all heed: we have not yet solved all the problems in the financial system yet, and our reform is not done. ■

## Ms. Taylor Williams Comes to Washington

◀ Continued from page 3

percent (81%) of construction workers in St. Louis are white males. That workshop empowered her to be able to recognize and meaningfully discuss what we can do to close that disparity gap. Knowing the emphasis at the national level is on equity, she now has leverage at the local level with local union representatives. When there are public dollars in construction, we can work to assure that the benefits of those dollars are being allocated in an equitable fashion.

### **ReinvestmentWorks: Did you participate in the Congressional visits during the conference?**

**Romona Taylor Williams:** Yes, we met with Senator Claire McCaskell (D-MO) and Congressman Lacy Clay (D-MO, 1st District). We talked about CRA and the need to restore housing counseling funding. The experience of advocacy day was powerful, especially for the women who had never been to DC, and also for me to experience it with them. It was both a learning and empowering experience to be on Capitol Hill, to see the historical buildings, to meet with our representatives. It was a good reminder of the importance of U.S. citizens to be meaningfully and effectively engaged in democracy.

**ReinvestmentWorks:** We couldn't have said it any better. Thank you for sharing your experience with us, Romona!



2011 NCRC Annual Conference, Awards Night







# NCRC Events

See our new event calendar at [www.ncrc.org](http://www.ncrc.org) for our latest schedule or to register.

## Announcing Fair Lending Trainings for Housing Counselors

Housing counselors and professionals are cordially invited to attend a Housing Counseling Training, hosted by the National Community Reinvestment Coalition (NCRC) in partnership with the Department of Housing and Urban Development (HUD). These trainings will be of great benefit to those dealing with issues in servicing, collection and loss mitigation. Participants will learn how to identify fair lending abuses and mortgage fraud in predatory loans to better assist consumers in negotiations. Further, participants will learn to negotiate loan modifications and hold discriminatory and unscrupulous lenders and servicers accountable.

To obtain a certificate of completion participants must attend and complete the entire two-day training. Tuition is *free* (a \$1,300 value). There are a limited number of lodging and travel scholarships available, which are awarded based on hardship. For more information about any of the Fair Housing trainings please contact Luisa Melgarejo at (202) 464-2711 or [lmelgarejo@ncrc.org](mailto:lmelgarejo@ncrc.org).

## 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. Participants 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

National Fair Lending Training Initiative					
	Preventing Fraud	Discrimination in Foreclosure	Affirmatively Further Fair Housing	Full Fair Lending Review	Identifying Mortgage Abuses
9/12-9/15 - Phoenix, AZ	✓	✓	✓	✓	✓
9/26-9/29 - Boston, MA	✓	✓	✓	✓	✓
9/29-9/30 - Boston, MA					✓

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 One-Day Course)

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 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 as well as options consumers are given under these various programs: short sales, deed in lieu, mediation, etc.

Participants will also 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. ■



# NCRC Events

## National Fair Lending Training Initiative

NEXT SESSION *Boston, MA* | September 29, 2011 at 9:00 AM - September 30, 2011 at 4:30 PM

NCRC in conjunction with the US Department of Housing and Urban Development will conduct a two-day training for Fair Housing Professionals in conducting fair lending investigations.

This two-day course addresses the complex challenges in identifying and addressing mortgage lending discrimination and predatory lending. This course offers a practical, hands-on approach, using actual loan documents, to address residential mortgage lending discrimination and predatory lending.

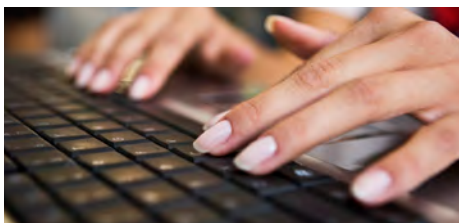
Upon completion of this course, participants will be able to:

- Explain the residential mortgage lending process
- Describe the various roles of the secondary market, mortgage brokers and private investors in residential mortgage lending
- Identify useful strategies for outreach, education, and intake
- Understand the use of HMDA Reports in obtaining a statistical analysis of a lender's fair lending compliance, and for identifying potentially comparable loan files
- Define lending discrimination, and identify legal theories (direct evidence, circumstantial evidence and disparate impact) that apply to lending discrimination cases
- Be able to list and describe various statutes that prohibit lending discrimination under each legal theory
- Be able to explain and apply the "prima facie" standard in the context of a lending discrimination case
- Be able to list and describe various statutes that prohibit lending discrimination
- Differentiate conventional or prime lending from sub-prime lending
- Describe and categorize various types of predatory lending practices
- List and describe the various statutes regulating loan disclosures and loan terms
- Recognize the importance of various state common law theories, and identify situations in which state common law theories may be applied

Please join us for this important training opportunity! For more information, visit <http://http://neoiboston2011.eventbrite.com> (Boston).

## Reader Submission Request

NCRC is first and foremost a coalition of individuals. As local members, you each have your own experiences that reflect what is important to you in your own community. The editorial staff of Reinvestment Works invites you to share your stories, experiences, or testimonials so our readers can benefit from hearing about local situations around the country. If interested, please send your submissions in Word format to [communications@ncrc.org](mailto:communications@ncrc.org).



## 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](mailto:membership@ncrc.org). ■

# NCRC Events

## Training Academy | Fair Housing Training Series | Washington, DC

Join NCRC's Training Academy on Thursdays in September from 2-4 pm for a webinar series on Fair Housing and Fair Lending Issues, conducted in partnership with the Department of Housing and Urban Development (HUD). NCRC's outstanding trainers from the National Neighbors Program will conduct the series. If you attend all four of the programs, you will be eligible to receive a completion certificate.

### Thursday, September 8th from 2-4 pm EST

Overview of Fair Housing/Fair Lending Laws and Abuses :: This overview is open to housing counselors and advocates interested in getting an overview on the history of fair housing and fair lending, how the laws and regulation have changed over time, and a look at where we are today.

### Thursday, September 15th from 2-4 pm EST

The Fair Housing Act and Fair Lending Laws :: This workshop focuses specifically on the lending abuses and mortgage fraud in predatory loans, and how to better assist consumers with issues in servicing, collection and loss mitigation.

While the workshop is open to anyone, it is particularly directed to housing counselors and advocates who work with consumers.

### Thursday, September 22nd from 2-4 pm EST

Consumer Protection Laws That Impact Fair Housing and Fair Lending :: In addition to the Fair Housing Act, there are important consumer protection laws that have an impact on housing lending. This training will cover the Truth in Lending Act, the Real Estate Procedures Act, the Home Owners Equity Protection Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, and more. The training will also describe methods that can be used to enforce laws that outlaw discrimination and other unfair treatment in consumer finance.

### Thursday, September 29th from 2-4 pm EST

Identifying Issues in File Review :: This session is directed to housing counselors and other advocates who work with consumers who are affected by lending abuses and mortgage fraud. Learn how to identify fair housing and consumer protection violations by conducting full file reviews, and how to negotiate loan

modifications and hold discriminatory and unscrupulous lenders and servicers accountable.

Attending all four workshops is required to receive a certificate of completion. For more information, please contact Luisa Melgarejo or Karen Taylor at [KTaylor@ncrc.org](mailto:KTaylor@ncrc.org)

## Additional Webinars

### SEPTEMBER 2011

Making Order Out of Chaos: The Congressional Budget Process National Neighbors Silver Webinar *Dates and times to be announced.*

### OCTOBER 2011

Financial Literacy and Community Empowerment (with National Neighbors Silver) *Dates and times to be announced.*

### NOVEMBER 2011



Effective Lobbying In-District and On The Hill (with National Neighbors Silver) *Dates and times to be announced.*

## Resources

**Reports and Research Library:** <http://www.ncrc.org/resources/reports-and-research>  
**Testimony and Regulatory Comments:** <http://www.ncrc.org/resources/testimony-a-regulatory-comments>  
**NCRC videos:** <http://www.ncrc.org/media-center/videos>  
**NCRC newsletters:** <http://www.ncrc.org/media-center/newsletters>


Eventbrite
Contact [National Community Reinvestment Coalition](#) for event and ticket information.

[Email](#)
[Share](#)
[Tweet](#)
[Like](#)

### Training Academy | Fair Housing Training Series | Washington, DC

Weekly Event - Every Thursday: 2:00 PM to 4:00 PM (ET)  
Washington, DC



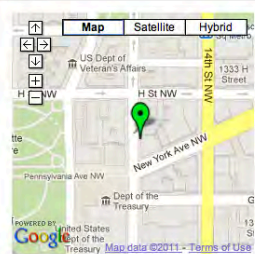
#### Ticket Information

\* Please select a date to attend.

TYPE	END	PRICE	QUANTITY
Sept 8th :: Fair Housing Overview	10 min before event	Free	0
Sept 15th :: Fair Housing Act	10 min before event	Free	0
Sept 22nd :: Consumer Protection Laws	10 min before event	Free	0
Sept 29th :: Identifying File Review Issues	10 min before event	Free	0

Register

#### Where



**NCRC Training Academy (large)**  
727 15th Street NW  
8th Floor  
Washington, DC 20005



# Empowering Consumers through Housing Counseling Training

By Robert Strupp



Our nation continues to address the plague of foreclosures and almost daily revelations of consumer abuse and fraud regarding loan modifications, foreclosure prevention and the inaccuracy of documentation submitted on behalf of lenders that effectively displaces millions of financially struggling, hard-working and honest homeowners.

In keeping with the theme and message of the National Community Reinvestment Coalition's (NCRC) annual conference, "National Challenges, Local Solutions," NCRC has traveled to dozens of cities around the country, providing comprehensive training to hundreds of HUD approved housing counseling service providers. NCRC staff brings to the local level a national expertise in combating fair lending abuse and consumer deception.

These trainings provide housing counselors, state and local government agencies, grassroots community groups, faith based and fair housing organizations, and non-profit consumer legal service providers with a detailed curriculum of fair lending abuse and mortgage fraud issues.

The 4-day training includes two days looking at the foreclosure process through a fair lending lens to provide consumer advocates with the tools to better represent homeowners and their communities. This segment of the training includes an historical overview of mortgage lending practices and discusses the current housing market from a fair lending perspective. A third day is devoted to file review, analyzing the documentation found and required to be in a borrower's loan file, including credit reports, income and asset verification, the loan application (1003 form), Good Faith Estimate, note, mortgage, deed of trust, Settlement Statement (HUD-

1), and related documents. Laws covered include state foreclosure and consumer protection statutes, and federal laws such as the Truth In Lending Act, (TILA), Real Estate Procedures Act (RESPA), Equal Credit Opportunity Act (ECOA), the Fair Housing Act, and the Civil Rights Act of 1964. The fourth day consists

of two out of three of the following courses:

- Teaching housing professionals how to look at foreclosure prevention and mitigation efforts, with a focus on fair lending and deceptive practices, an overview of traditional foreclosure prevention and recent mitigation models as well as solutions and consequences to prevent deception and discrimination.
- Affirmatively Furthering Fair Housing through an in depth introduction to Fair Housing. This course trains counselors about the laws, regulations, and HUD's policy priorities related to Affirmatively Furthering Fair Housing so that counselors and their clients are aware of discriminatory practices and the fair housing obligations of recipients of Consumer Development Block Grant, Neighborhood Stabilization Program, and other HUD funding.
- Preventing Fraud and Ensuring Access to Equity For Older Adults looks at housing and lending discrimination issues that affect the elderly, provides an overview of mortgage related scams targeting the elderly, addressing fraud and discrimination in the reverse mortgage market, home improvement loan scams, lease back schemes, refinance scams, programs that promise debt elimination and unnecessarily encourage bankruptcy. Participants also learn about products and techniques that legitimately enable older adults to "age in place" and defend themselves from predatory and discriminatory lending practices.

These trainings provide a unique and invaluable opportunity for participants and NCRC to collaborate and share experiences so that

both NCRC and agencies at the local level can address issues governed by local and national policy. NCRC encourages inquiries and seeks input from consumer advocates to identify emerging trends and challenge existing practices that may violate the consumer protection and fair housing rights of Americans.

These trainings will continue in coming months and details are available on NCRC's website: [www.ncrc.org](http://www.ncrc.org). Travel and accommodations scholarships may be provided to HUD-approved housing counseling staff. ■

## NCRC Events

**Save The Date!**

### **NCRC 2012 Annual Conference**

**April 18-21, 2012 | Washington Court  
Hotel, Washington, DC**

NCRC's signature event is its annual conference. This multi-day gathering brings together hundreds of community leaders, development experts, bankers, legislators, regulators, academics and others. Participants and leaders from business, government, community non-profits, media, and academia explore and debate the state of the industry and measures needed to ensure fair access to capital and to bring more people into the financial mainstream.

The 2012 conference venue is the Washington Court Hotel. Please contact the hotel by phone to book your room, (202) 628-2100; NCRC's group rate is not available through their online system. The Washington Court Hotel is located on Capitol Hill only 3 blocks from the Capitol Building and 2 blocks from Union Station. Join NCRC April 18-21, 2012 in Washington, D.C. for cutting edge dialogue and hands-on trainings, workshops, plenaries, and topical sessions on issues affecting America's communities.

Registration and special early bird pricing is coming soon! Not a member but would like to join/renew? Visit <http://www.ncrc.org/become-a-member>

# Save the Date



Mark your calendars for the:

## NCRC Annual Conference!



**When:** April 18-21, 2012  
**Where:** Washington Court Hotel  
Washington, DC



For more information, visit [www.ncrc.org](http://www.ncrc.org)



NATIONAL  
COMMUNITY  
REINVESTMENT  
COALITION **NCRC**



NATIONAL  
COMMUNITY  
REINVESTMENT  
COALITION **NCRC**

### A Brighter Future:

*Investing in Community, Investing in Opportunity*

What does it take to build a stronger economy and a brighter future in communities in the South? How do we encourage investments and lending to promote the wellbeing of our families and our neighborhoods? Recognizing that lending and investments from financial institutions spur growth, NCRC will provide strategies, tools, and skills to influence financial institutions to increase their investment in our communities.

**Save the Date:** September 12-13, 2011.

**Location:** Birmingham Civil Rights Institute, 520 Sixteenth Street North, Birmingham, AL.

**To Register:** Visit <http://ncrcbirmingham2011.eventbrite.com>, Member discount and scholarships available. The cost is \$50.

**For more information:** contact Karen Taylor at [ktaylor@ncrc.org](mailto:ktaylor@ncrc.org), or call Bob Dickerson at 205-250-6380.



# Book Review

## The Next Move is Always Ours

A review of *GALE FORCE: The Battle for Disclosure & Community Reinvestment*

By Ted Wysocki

First, full disclosure: I worked for Gale Cincotta for over ten years, starting as a graduate student volunteer in 1973 through staffing her negotiation team in 1984 for the landmark neighborhood lending agreement with then the First National Bank of Chicago (now Chase). I had a great education but to paraphrase Bruce Springsteen, I learned more from Gale Cincotta than I ever learned in school.

*GALE FORCE* by Michael Westgate with Ann Vick-Westgate is not only a superb biography of a true

American hero, it is also an exceptional oral history of the 1970s and the growth of the neighborhood movement as a direct descendant of the civil rights movement of the 1960s. With these troubled economic and political times, this book is not just history but an extremely relevant study for today.

The Westgates instinctively chose to tell this story directly from those who lived these times and through articles from the national newsletter, *DISCLOSURE*, which I had the privilege of founding for Gale to chronicle how communities across the country were allowed to be victimized by their own government. In a time of racial tensions, Gale was noted for saying, "We have found the enemy, and it's not us."

As the book details in its 370+ pages and its extensive bibliography on this era, there were many legacies of Gale Cincotta including two national laws that continue to serve America's communities today: The Home Mortgage Disclosure Act (HMDA) of 1975 and the Community Reinvestment Act (CRA) of 1977. Chicagoans still benefit from Gale's leadership in establishing the Chicago Neighborhood Housing Services, which Michael Westgate worked with her to do in 1973.

But inherent within all the stories is perhaps Gale's greatest legacy and what first attracted me to her and continues to inspire and shape my professional and personal life – Gale's ability to work with all who were seeking real solutions to community issues. It was not common in the early '70s for a church hall to be filled with white ethnics and people of color



joined together in demanding redress from their government officials for allowing their homes and blocks to become "Cities Destroyed for Cash," the title of Brian Boyer's 1973 expose of the FHA scandals.

I still twinge today when DC policy wonks tell us FHA is the solution for American homeownership. As Gale often emphasized, "we want the private economy to come in our neighborhood." As the Westgates capture, Gale was not a political person in the conventional party sense. She didn't care if you

were Democrat President Jimmy Carter or Republican Department of Housing and Urban Development Secretary Jack Kemp, she expected a responsive government. This is certainly a point lost on Capitol Hill today.

While some chapters were flashbacks for me personally, other chapters provide the reader with the Chicago history of realtors' block-busting; for many who may not have known, the chapter on the Catholic Church details the key role of Father Roger Coughlin and Catholic Charities' support for organizers at the parish level. For those who knew both Gale and Shel Trapp, the book describes the ying and yang of surely the most unique but productive "professional marriage." Unfortunately, while their voices are captured here for all to read, both Roger and Shel left us last year before *GALE FORCE* was published. Their legacies are also part of this story.

I found Chapter 10 "You gotta have an outcome" to be revealing with its citation of Ford Foundation program officers' reports. I couldn't help but acknowledge that their observations were not only true but also explain much about my own managerial style. One of my contributing stories was Gale's response to another funder's question of how could she accomplish so much with so small an operation. Without any hesitation, Gale replied, "We work miracles here, it's part of the program." One of my colleagues put those words on the front of Gale's desk and it became lore for staff motivation.

One correction I have already provided the Westgates for a future edition is a

misrepresentation (obviously spread by the American Bankers Association) regarding the 1980 Reclaim America action on the ABA's annual convention in Chicago. A U.S. Senate staff in recounting Gale's assault of McCormick Place by boat on Columbus Day states that the boat was in danger of capsizing and had to be rescued by the Coast Guard. In fact, then Chicago Mayor Jane Byrne was speaking and welcoming the ABA convention and had ordered Chicago Police boats to be deployed to stop Gale's "Santa Maria II" from landing and reclaiming America from the bankers. Such "lake" or street theater has always been in the DNA of National People's Action and remains today. *GALE FORCE* includes other stories from the 1979 Battle of New Orleans to the 1980 NBC Land Shark appearance at the Federal Reserve Board. But throughout this history, the Westgates remind the reader that Gale's intention was always to win. "This isn't about civil disobedience. This is about getting a meeting and moving business along. You can't move business along if you get arrested."

*GALE FORCE* begs the "what if" question -- if Gale had still been with us these past few years? When she died on August 15, 2001, Gale's last words were reported to be: "Get the Crooks." Unfortunately, ten years later after our government stood by and watched our economy be destroyed by greed, "too big to jail" seems to be the current refrain.

This book captures Gale well -- a most ordinary blue collar working class woman without a formal education who managed to do extraordinary things with other everyday people from different races, cultures, and communities. *GALE FORCE* tells the story, which we must to continue to spread, of how one person can make a difference. As Gale would remind us, the next move is always ours.

Since 2002, Ted Wysocki has been the President & CEO of the Local Economic & Employment Development [LEED] Council in Chicago. He is the Immediate Past Chair of the National Community Reinvestment Coalition [NCRC].

To order *GALE FORCE* at Harvard Bookstore's website, visit [http://www.harvard.com/book/gale\\_force\\_gale\\_cincotta\\_the\\_battles\\_for\\_disclosure\\_and\\_community\\_reinvestm/](http://www.harvard.com/book/gale_force_gale_cincotta_the_battles_for_disclosure_and_community_reinvestm/) ■

# NCRC Opposes Capital One Acquisition of ING Direct USA

Continued from page 1

has the ability to become a national economic threat. Yet, less than three years after the demise of institutions like Washington Mutual, Capital One proposes to expand its size without a clear explanation as to how any public benefits of the expansion outweigh the inherent risks to the public if the newly enlarged Capital One should fail.”

The letter calls for public hearings and an extension of the public comment period by two months to mid-October, citing “pervasive and

serious” concerns, including the systemic risk created by the merger, Capital One’s credit card lending practices and ongoing fair lending and civil rights concerns.

While NCRC members are active on bank mergers, it is extremely rare for the national organization itself to challenge an acquisition. Serious issues surrounding the acquisition prompted a vote by the organization’s board of directors in support of the challenge.

Among other concerns, Capital One has refused to make Federal Housing Administration

(FHA) loans to borrowers in the 580–620 credit score band, although those loans are federally guaranteed. NCRC has demonstrated that this practice has a disproportionate impact on communities of color and low-income communities.

Given the opportunity by NCRC to change that practice, Capital One did not. NCRC subsequently filed a complaint with the U.S. Department of Housing and Urban Development, alleging that Capital One’s FHA lending practices violate fair lending laws.

Capital One’s entrenchment is in contrast to its industry peers. Earlier this year Bank of America, Wells Fargo and MetLife Bank all changed their FHA lending policies in response to NCRC’s efforts.

For NCRC members, the deal raises a host of other concerns, including the forward commitment of the enlarged Capital One to meeting the capital and credit needs of communities. Capital One’s performance in every market, especially in rural and underserved urban communities, will be heavily scrutinized.

Measuring the performance of ING Direct USA also raises new issues under the Community Reinvestment Act (CRA), since it is one of the largest internet banks in the country. Internet banking was not envisioned when CRA was enacted, and the law skews towards measuring the performance of banks with physical branches.

The letter to Chairman Bernanke requesting an extension of the comment process will be followed by subsequent formal comments to the Federal Reserve from NCRC and its members, detailing concerns in specific communities about the impact of the merger.

Capital One, whose multimillion dollar “What’s in your wallet?” marketing campaign depicts the bank’s credit card as a defender against rampaging Visigoth hordes, now finds itself on the defensive. As more concerns around the deal come to the fore, expect the bank to use its formidable public relations budget to push back.

In response, community organizations’ need to persist with their concerns about the impact of the deal. The deal should demonstrate a benefit to society, and the burden of proof is on Capital One. If Capital One can’t demonstrate its commitment to social responsibility, “who is in your wallet?” may be the more appropriate question. ■

## Promoting Responsible Banking Through Community Reinvestment Requirements in Your City or Town

By Josh Silver

Cities and towns across the country are seeking ways to ensure that the banks they do business with are socially responsible, investing in affordable housing, community development and other local needs. In response to numerous member requests, NCRC created a model local Community Reinvestment ordinance. The ordinance is designed as a resource for local campaigns seeking to increase the number of responsible loans, investments, and financial services in minority and low- and moderate-income communities through heightened public accountability to municipalities and their residents.

In return for receiving municipal deposits, the NCRC model ordinance creates an affirmative obligation for financial institutions to serve all communities, including and especially minority and low- and moderate-income communities, consistent with safety and soundness. The model ordinance is based on laws in Cleveland and Philadelphia as well as a soon-to-be enacted ordinance in Los Angeles. The ordinance requires institutions desiring to receive deposits from a municipality to submit annual data that includes their home and small business lending, branching and deposits, and community development investments. The institutions will also be required to submit a Community Reinvestment Plan to the municipality, which is a two year plan for lending, investing, and providing banking services to city communities.

The model ordinance establishes a process that occurs every two years for reviewing bank community reinvestment performance



which banks to place deposits. A Community Reinvestment Review Committee composed of city officials and community organizations shall review the Community Reinvestment Plans and shall commission a study once every two years, using the data submitted by the financial institutions to rank the community reinvestment performance of banks.

Using the findings of the study, the

Continued on page 18 >



# New York City Embraces Strategy for More Local CRA Oversight

By Dave Hanzel

In March 2011, leadership of the New York City Council, spurred by advocates like the Association for Neighborhood and Housing Development (ANHD) and the Neighborhood Economic Development Advocacy Project (NEDAP), introduced “The Responsible Banking Act” (Intro. 485). This landmark legislation is a response to a local crisis as banks have reduced their commitment to reinvest and to meet community credit needs through loans, investment, and community services. Following the lead of cities like Philadelphia and Cleveland, the idea behind the legislation is to create a public oversight mechanism to actively involve the community and local government to incentivize banks that are, or seek to become, depositories of the city’s funds to engage in practices that are beneficial to all New Yorkers and strengthen their community development efforts.

Council Member Domenic M. Recchia, Jr., chair of the Council’s Finance Committee and a lead sponsor of the bill said, “By ranking the community involvement of city depository banks, we can make it clear which ones are investing in their communities by preventing foreclosures and modifying loans. It’s not unreasonable to expect a banking institution that profits from the city to assist struggling homeowners and small businesses. This legislation will provide us with another tool to make sure New Yorkers are getting their fair share in this tough fiscal climate.”

Council Member Al Vann, chair of the Council’s Community Development Committee and the bill’s other lead sponsor said, “It is important that New York City, as a large-scale banking customer, uses its consumer leverage to hold banks accountable for how they serve all New Yorkers and city neighborhoods. The increased accountability and transparency that would result from this legislation will help my colleagues in the Council and local organizations know how banks are meeting the credit needs of their community and help to strengthen banks’ overall commitment to community development.”

The general consensus among ANHD’s 97 members is that over the past several years, banks have taken more from the community than they are giving. ANHD’s soon to be released report, “The State of Bank Reinvestment in NYC: 2011,” provides empirical evidence that supports this belief. In fact, each of the city’s 20 large banks that we examined reduced their lending investment and/or services over the past several years despite increased deposits and often-record profits. And the bigger problem in our eyes is that of the \$521.7 billion our residents deposit

in these institutions; just 2.2% is reinvested back into the community in the form of community development lending, multi-family lending, home mortgage lending, CRA-qualified investments, and philanthropy.

In addition to the quantitative reductions, banks are failing to correct many of the problems they created through predatory loans to homebuyers and making irresponsible loans to speculative landlords on the multi-family side. Indeed, currently there are 100,000 overleveraged units in the city that are in danger of foreclosure; yet banks that hold the mortgages have been unwilling to ensure the property remains in good physical condition or remove the building from the speculative cycle by selling to a preservation purchaser.

Benjamin Dulchin, Executive Director of ANHD, said this legislation responds to the changing nature of the banking industry. Dulchin said, “New York City is home to the country’s largest banks. Yet these increasingly large institutions have become less and less focused on serving local credit needs, especially in low- and moderate-income communities. The Responsible Banking Act (RBA) will be an important new tool for our members and the city to encourage the city’s depository institutions to re-commit to providing traditional financial services at a meaningful level.”

The RBA responds to these macro- and micro-level trends and is intended to be a strong local compliment to the federal Community Reinvestment Act (CRA). Because the RBA will only apply to those banks that are seeking to provide depository services to the city, we believe the bill will not trigger any pre-emption issues. Specifically, the bill would require deposit-seeking banks to submit an annual strategic plan detailing how they plan to meet the credit needs of local communities as well as an annual progress report on fulfilling that plan. Furthermore, the bill would require the city to compile and publicly disseminate the banks’ strategic plans and progress reports so government and community groups can engage with financial institutions about local credit needs. Additionally, the RBA would require that the Department of Finance create a ranking system based on how responsive the



deposit-seeking banks are to the needs of New York City’s residents and neighborhoods. These rankings are meant to encourage the City of New York to do business with those deposit-seeking banks that are more responsive partners in meeting local credit and investment needs.

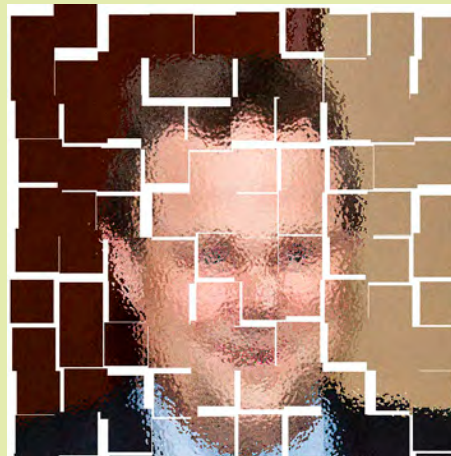
The RBA will not only be an effective tool for holding banks that want to serve as depositories of city funds accountable to local communities, it also will establish a process for local stakeholders to provide input on possible credit needs and business opportunities. Deb Howard, President of ANHD’s Board of Directors and Executive Director of the Pratt Area Community Council, a CDC serving several Brooklyn neighborhoods, believes more regular conversations between banks and the community would be beneficial. Howard says, “Residents in Central Brooklyn often feel that the city’s biggest banks do not care about them. The Responsible Banking Act will provide us an opportunity to present what services and products our communities need and leverage more community engagement.”

Currently, 34 of the Council’s 51 members have signed onto the bill, which ensures there is enough support to override a potential veto by Mayor Bloomberg. While the bill has been on hold as the Council negotiated one of the toughest budgets in recent history, ANHD and its members are leading a grassroots campaign in every neighborhood across the city to keep momentum strong. And despite what they imagine will be a strong pushback by the banking industry, ANHD is optimistic that this historic legislation—riding a wave of sensible policy and populist support—will be law soon.

Dave Hanzel is the Policy Director at the Association for Neighborhood and Housing Development (ANHD) a long-standing member of NCRC. ANHD is a membership organization of New York City non-profit neighborhood housing groups. ■

## Photo Challenge

**We want to put your analytical skills to the test!** Below are three manipulated photos of speakers from NCRC's 2011 Annual Conference. Do your best to figure out who they are; the first person to submit the correct answers to all three images wins a complimentary registration to next year's conference. To submit your guesses, please send an email to [communications@ncrc.org](mailto:communications@ncrc.org) with the subject line "RW Newsletter Photo Challenge".



### Reinvestment Works, Spring 2011 Edition Photo Caption Contest Winners

Greenspan: *Excuse me, do you have any Grey Poupon?*  
**Submitted by:** Kevin Cowl

NCRC President and CEO John Taylor told Federal Reserve Chairman Alan Greenspan that financial institutions can't manage their own risk. *"Let's assume this muffin is a bank," began Taylor, "And the Fed is a blueberry...."*  
**Submitted by:** Hershel



## Outside the Nonprofit Box

◀ Continued from page 5

one mergers, nonprofits can also share backroom services such as accounting tasks or human resources, saving money and other resources. Egger proposes that nonprofits consider together hiring an advocate that sits at city hall everyday and represents their collective needs, or pooling their banking business and directing it towards one bank, using it as a way to request a seat on the bank's board of directors or to have better access to capital.

### The new philanthropy

In the future, Egger believes that the only sustainable philanthropy will be everyday commerce. How people spend their money everyday can determine where power exists and it's this power that can allow nonprofits to achieve their organizational missions. For example, Egger cites Dr. Martin Luther King Jr.'s effort to raise the specter of racism by

having people refuse to pay to ride the bus. Likewise, Gandhi encouraged his followers to not purchase table salt so the British Crown might be forced to come to the negotiating table. The point is that when a disadvantaged class refuses to use basic services, the illusion of power is revealed, along with the power of daily commerce.

Another approach to the idea of the new philanthropy is to keep money in local communities. The DC Central Kitchen, in addition to feeding its clients, also has a catering company. His catering company uses some of its profits to support his kitchen's job training program. When people purchase catering services, they become part of a movement to help local people, as opposed to simply making a donation. It also supports local farmers. The money stays in the community while bringing together givers and receivers in stronger ways.

### It's not about creating something new

In the end, it's not about creating something that wasn't there to begin with. It's about moving existing elements around in new, creative ways so they work better together. Egger's kitchen takes food restaurants don't need, incorporates a kitchen that wasn't being used, involves people who want to be a part of something powerful, and then serves those who society undervalues. He moved elements around so that they worked toward a common good that benefits everyone involved.

Often the solutions to problems are right in front of us, we just can't see them. That's why creative thinking and strategy is so important. It opens our minds to new perspectives that can lead to better and more sustainable solutions. ■



# Qualified Residential Mortgages: The American Dream of Homeownership for Future Generations Imperiled

◀ Continued from page 1

documentation of borrower income. However, the agencies have also proposed down payment requirements of up to 20 percent for QRM. This requirement will effectively disqualify large numbers of moderate- and middle-income families from buying homes. The proposed guidelines for debt-to-income ratios are also unduly restrictive and will shut out broad segments of the population.

When Congress was drafting the Dodd-Frank Wall Street Reform and Consumer Protection Act, lawmakers were concerned that risky subprime and non-traditional loans were issued in large volumes because institutions did not experience financial consequences for high default rates. Hence, Congress imposed a 5 percent risk retention requirement targeting subprime and non-traditional loans, not prudently underwritten loans with low down payments.

According to former FDIC Chairman Sheila Bair, more than half of subprime loans securitized during 2006 and 2007 ended up in default. Problematic adjustable rate mortgages with payment options poorly explained to borrowers also ended up with high default rates impacting middle-income communities. It was the risky and abusive features of subprime, adjustable rate, and other nontraditional loans that drove the crisis, not low down payments. Indeed, the Federal Housing Finance Administration concluded that the product type requirements of QRM such as prohibitions against loans not verifying borrower income is the requirement that has the largest impact of reducing delinquencies.

In contrast to the high default rates associated with subprime and non-traditional loans, the regulators' analyses reveal that loans qualifying for QRM, with the exception of low down payments (less than 20 percent down), have default rates 1 to 2 percentage points higher than loans that qualify for QRM and have 20 percent down. While default rates are slightly higher (a finding corroborated by noted economist Mark Zandi of Moody's Analytics), low down payments do not create an unacceptably higher level of default. Clearly, default rates on low down payment loans pale in comparison to the 50 percent default rates on subprime and other non-traditional loans.

Most Americans who are not well heeled will have considerable difficulty coming up with 20 percent down payments even for homes that are modestly priced. Zandi documents that fewer than half of all loans originated in 2010 had loan-to-value ratios below 70 percent. For minorities and first-time

homebuyers of all races, the situation could be especially bleak. According to the Census Bureau, African-Americans had a median net worth of about \$8,600 in the mid-2000s, which is clearly not enough to generate a 20 percent down payment on even a modestly priced home of \$100,000. Moreover, according to Harvard University's calculations of the Federal Reserve's Survey of Consumer Finances, the median *white* renter had cash savings of about \$1,000 and the median minority renter about one-quarter that amount in 2007.

An equally troubling aspect of the QRM proposal are the ratios regarding housing payment-to-income (PTI) and debt-to-income (DTI). The agencies propose that loans would qualify for QRM only if their PTI and DTI ratios are 28 and 36 percent, respectively. While high PTI and DTI ratios are problematic, the proposal is an over-reaction to the foreclosure crisis. Loans backed by the Federal Housing Administration (FHA) exhibit considerably lower default rates than subprime loans, and FHA loans have DTI ratio limits that can go up to 41 percent. The FHFA's data analysis shows that PTI and DTI limits disqualify more loans from QRM status than even the low down payment requirement. In addition, the FHFA analysis shows that loosening the PTI and DTI requirement significantly increases loans that qualify as QRM while not significantly increasing default rates of QRM loans.

Prime conventional lending has plummeted for all borrowers but particularly for minorities during the last several years. NCRC's Home Mortgage Disclosure Act (HMDA) data analysis reveals a decline of 67 percent for whites, and 85 percent of African-Americans and Hispanics in prime conventional home purchase lending from 2005 to 2009. Moreover, a recent NCRC report, *The Impact of the Proposed Qualified Residential Mortgage Definition on Home Opportunity in America*, demonstrates that the QRM proposal has a disparate impact by race of neighborhood. According to our report, a considerably lower percentage of loans in African-American or Hispanic neighborhoods than in *white* neighborhoods qualify as QRM loans. Moreover, the foreclosure rates do not differ substantially between the proposed QRM definition and alternative QRM definitions. In 2006, for example, QRM loans had a foreclosure rate of 0.14 percent, but when relaxing the QRM definition and allowing down payments as low as 3 percent, the foreclosure rate only inches up to 0.26 percent.

Restrictive QRM standards will unnecessarily reduce lending even further. The present QRM proposal will not only shut out large numbers of modest- and middle-income families from homeownership but could also thwart the shaky economic recovery that is currently being held back by difficulties in the lending and real estate industries. Moreover, this potential damage could be the result of the proposed down payment requirement that was not even one of the explicit statutory factors listed by the Dodd-Frank Act for developing QRM.

The regulatory agencies assert that many mortgages will continue to be made that are not QRM. They state that institutions will either hold these loans in portfolio or retain 5 percent of the risk when they sell the loans. However, QRM could very well set the standard for the entire market meaning non-QRM loans will either not be available or will be much more costly. Zandi estimates that non-QRM loans could have annual percentage rates that are one full percentage point higher than QRM loans. In real terms, this could mean significantly less credit or much more expensive credit for broad swaths of Americans.

We therefore urge the agencies to allow down payments of 3 to 5 percent and DTI ratios consistent with FHA guidelines to qualify as QRM. Since Community Reinvestment Act (CRA)-eligible loans made by banks to low- and moderate-income borrowers are safer and sounder than loans issued by lenders not covered by CRA, NCRC recommends that CRA-eligible loans should be QRM loans qualifying at the lowest permissible down payment level. Closing costs should count as part of the down payment on CRA loans and funding made available under down payment assistance programs should also count as part of the down payment. Finally, loans for which a HUD-certified counselor verifies that a borrower can afford to repay should also qualify for the lowest permissible down payment.

The public comment period ended on August 1. ■

Photos from Flickr, using an Attribution-NonCommercial License. Cardboard box photo by Alyson Hurt; Capitol Building photo by caruba; Wall Street/New York photo by Mike Lee; house photo by Roadsidepictures; bank photo by OzinOH.

# Promoting Responsible Banking

Continued from page 14

Community Reinvestment Committee will make recommendations regarding which institutions a city should use to do their banking.

The Reinvestment Committee shall also hold a public comment period of 60 days on the reinvestment performance of institutions, culminating in a public hearing, before issuing its recommendations.

The city would be prohibited from placing deposits or investing in institutions that make or finance predatory home and non-home loans. Financial institutions seeking to become city depositories must swear and sign an affidavit promising to adhere to their Community Reinvestment Plans and pledging to provide responsible and safe and sound loans and other financial products.

NCRC recognizes that the political

landscape of each city, county, or state considering a Community Reinvestment ordinance is different, requiring different approaches or variations of NCRC's model bill. We are eager to assist community organizations advocating for local ordinances, consulting with community organizations, and learning from the various approaches and adopting some of these approaches for later versions of our model bill.

See one example of the Community Reinvestment ordinance at work in New York City Embraces Strategy for More Local CRA Oversight, on page 14.

For more information on enacting a Community Reinvestment ordinance in your city or town, contact the NCRC Membership and Organizing Department at 202-628-8866. ■

## 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: NCRC, 727 15th Street, NW, Suite 900, Washington, DC 20005

Phone: (202) 628-8866 Fax: (202) 628-9800 | E-mail: communications@ncrc.org

### NCRC STAFF

**Archana Pradhan**  
Senior Research Analyst

**Beatrice Trapasso Dermer**  
Director of Development

**Brittany Nixon**  
Regional Organizer

**Carla dal Cais**  
Special Assistant to the CEO

**Cate Costa**  
DC MBC Business Consultant

**Celeste Perilla**  
Program Manager, NN Silver

**Charmeda Berkley**  
Compliance Manager, National Neighbors

**Cheryl Cassell**  
Director, HCN

**Chris Bilton**  
Director, Houston MBEC

**Chris Goett**  
Director, Membership & Organizing

**Dan Soliman**  
Operations Manager, CDFI

**Dana Scott**  
Mortgage Advisor, HCN

**David Berenbaum**  
Chief Program Officer

**Dica Adotevi**  
Chief Financial Officer

**Djenane Chery**  
Mortgage Advisor, HCN

**Ed Gorman**  
Chief Membership & Workforce Officer

**Edinson Toncel**  
Mortgage Advisor, HCN

**Emily Rhodenbaugh**  
Special Assistant to the CMWO

**Eric Rice**  
Director, DC MBEC

**Erika Kuester**  
Regional Organizer

**Evan Hutchinson**  
Planning Consultant

**Frances Murray**  
Director, Human Resources

**Frank Johnson**  
Part-Time Facility Coordinator

**Ian Keller**  
Regional Organizer

**Jah-Asia Nuru**  
Compliance Mgr, National Neighbors

**James Simmons**  
Planning Analyst

**Janice Kruger**  
Special Assistant to the Executive Office

**Jeffrey May**  
Assist. Director, National Neighbors

**Jesse Van Tol**  
Director of Communications

**Jim Carr**  
Chief Business Officer

**Joe Blend**  
Marketing Communications Manager

**Joy Lebird**  
Administrative Assistant, NY MBDA

**John Taylor**  
President and CEO

**Joshua Silver**  
Vice President of Research & Policy

**Judith O' Babatunde**  
Administrative Assistant, HCN

**Justin Monteiro**  
Compliance Mgr, National Neighbors

**Karen Taylor**  
Program Mgr, Training and Education

**Kobie Pruitt**  
Mortgage Advisor, HCN

**Korena Johnson**  
Administrative Assistant, Houston MBEC

**Kristen Fitzpatrick**  
Membership Data Coordinator

**Lily Thacker**  
Administrative Coordinator

**Lisa Young**  
Administrative Coordinator  
National Neighbors

**Lorena Gil**  
Regional Organizer

**Luisa Melgarejo**  
Compliance Manager  
National Neighbors

**Malinda Ricketson**  
Development Assistant

**Marcia West**  
Regional Organizer

**Maria Middleton**  
Admin Asst, DC MBEC

**Mark Praigg**  
Business Consultant, HMBEC

**Michael Mitchell**  
Director, National Neighbors

**Michelle McKiver**  
Business Consultant, DCMBEC

**Mitria Wilson**  
Director, Legislative & Policy Advocacy

**Nicole Eickhoff**  
Bus. Dev. Specialist, WBC

**Octavio Ruiz Balam-Yaxkin**  
Regional Organizer

**Owen Jackson**  
Vice President, Business Development

**Pablo Rotondaro**  
Regional Coordinator, HCN

**Rachel Maleh**  
Chief of Staff & Membership Matters

**Robert Strupp**  
Systemic Investigations Manager

**Samira Cook-Gaines**  
Director, Women's Business Center

**Sarah Saadian**  
Legislative and Policy Analyst

**Sean Bennett**  
Web & Social Media Manager

**Sehar Siddiqi**  
Special Assistant to the CPO

**Shaneece Hudson**  
Mortgage Advisor, HCN

**Shawntal Miner**  
Human Resources Coordinator

**Suzette Bather**  
Director, NY MBDA

**Teresa Boone-Ofosu**  
Accounting Consultant

**Terrell Whitaker**  
Accounting Assistant

**Tracy McCracken**  
Compliance Mgr, National Neighbors

**Victor Garza**  
Regional Coordinator, HCN

## Careers at NCRC

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

- Communication Coordinator
- Director, National Neighbors Program, Silver
- Business Consultant, NYMBEC

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.

### NCRC BOARD OF DIRECTORS

**Alan Fisher**  
Executive Director  
California Reinvestment Coalition  
San Francisco, CA

**Bethany Sanchez, Chair**  
Director  
Fair Lending  
Metropolitan Milwaukee Fair Housing  
Council  
Milwaukee, WI

**Charles Harris, Secretary**  
Executive Director  
Housing Education and Economic  
Development  
Jackson, MS

**Charles Helms**  
Director, National Affairs  
Consumer Counseling Northwest  
Bellevue, WA

**Dean Lovelace**  
Director, Dayton Civic Scholars  
Fitz Center for Leadership in Community  
University of Dayton  
Dayton, OH

**Dory Rand**  
President  
Woodstock Institute  
Chicago, IL

**Ernest E. Hogan**  
Executive Director  
Pittsburgh Community Reinvestment  
Group  
Pittsburgh, PA

**Gail Burks, Vice Chair**  
President and CEO  
Nevada Fair Housing Ctr.  
Las Vegas, NV

**Gene Ortega, Treasurer**  
President  
Rural Housing, Inc  
Albuquerque, NM

**Hubert Van Tol**  
Director, Economic Justice  
PathStone  
Rochester, NY

**Irvin Henderson**  
President  
Irvin M. Henderson & Company  
Henderson, NC

**Jean Ishmon**  
President  
Northwest Indiana Reinvestment  
Alliance  
Hammond, IN

**Jim Hunt**  
Executive Director  
Sunrise-Up Campus, Neighborhoods  
Revitalization Corp.  
Morgantown, WV

**Lee Beaulac**  
Senior Vice President  
Community & Economic Development  
PathStone  
Rochester, NY

**Marva Smith Battle-Bey**  
President  
Vermont Slauson Economic  
Development Corp  
Los Angeles, CA

**Maryellen J. Lewis**  
Acting Chair  
Michigan Community Reinvestment  
Coalition  
Lansing, MI

**Matthew Lee**  
Executive Director  
Inner City Press  
Bronx, NY

**Mike Gleason**  
President & CEO  
Arc of Hilo, Hilo, HI

**Moises Loza**  
Executive Director  
Housing Assistance Council  
Washington, DC

**Morris Williams**  
Board Member Emeritus,  
Hamilton County Community  
Reinvestment Group,  
Cincinnati, OH

**Nadine Cohen**  
Managing Attorney  
Greater Boston Legal Services  
Boston, MA

**Pete Garcia**  
President  
The Victoria Foundation  
Phoenix, AZ

**Rashmi Rangan, Esq.**  
Executive Director  
Delaware Community Reinvestment  
Action Council, Inc.  
Wilmington, DE

**Robert Dickerson, Jr.**  
Executive Director  
Birmingham Business Resource Center  
Birmingham, AL

**Shelley Sheehy**  
Development Consultant  
River Cities Development Services  
Davenport, IA

**Stella J. Adams**  
North Carolina Branch of NAACP  
Durham, NC

**Ted Wysocki**  
President and CEO  
LEED Council  
Chicago, IL