NCRC 2014 POLICY AGENDA

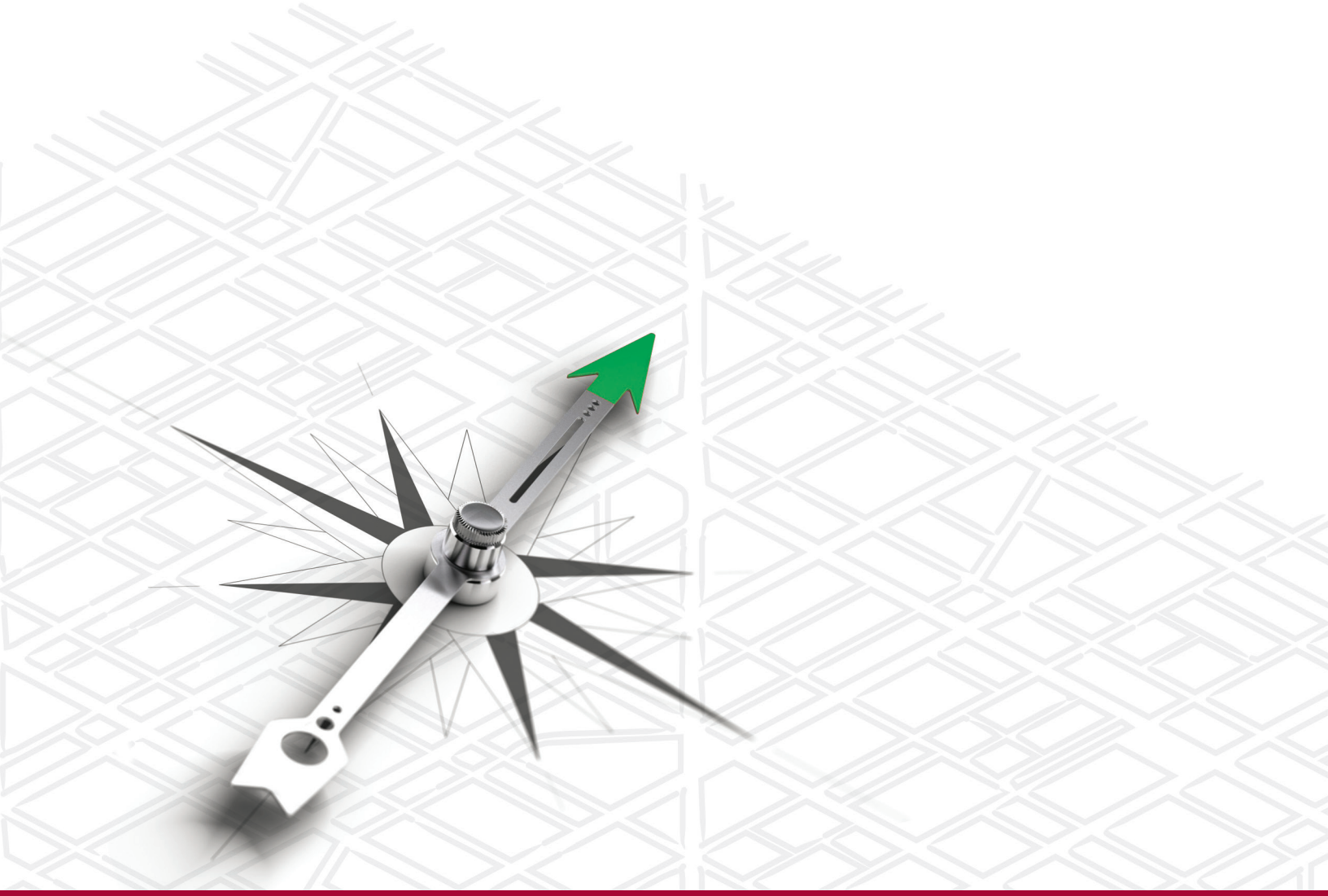
Charting the Future of a Just Economy:

Putting Main Street on the Map

NATIONAL
COMMUNITY
REINVESTMENT
COALITION

NCRC

www.ncrc.org



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The National Community Reinvestment Coalition's Board of Directors would like to express their appreciation to the NCRC professional staff who contributed to this publication. You continue to serve as an invaluable resource for those of us who are committed to responsible lending.

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Who We Are

The Voice for America's Communities

Since its founding in 1990, the National Community Reinvestment Coalition (NCRC) and more than 600 community-based member organizations have worked hard to improve the state of America's communities. We represent Main Street—the hundreds of millions of hardworking men and women across the country who are striving to make better lives for themselves and their families. Our goal is to promote fair and equal access to financial services to ensure that every person living in this country, regardless of their ZIP code, race, ethnicity, gender, age, or socio-economic status, has the opportunity to realize the American dream.

NCRC is made up of hundreds of organizations committed to bringing responsible investment back to communities and helping individuals build wealth. Our coalition includes:

Community Development Financial Institutions

State and Local Governments

Community Organizers

Small Business Associations

Academics

Housing Counseling Organizations

Civil Rights Groups

Community Development Corporations

Women- and Minority-Owned Business Associations

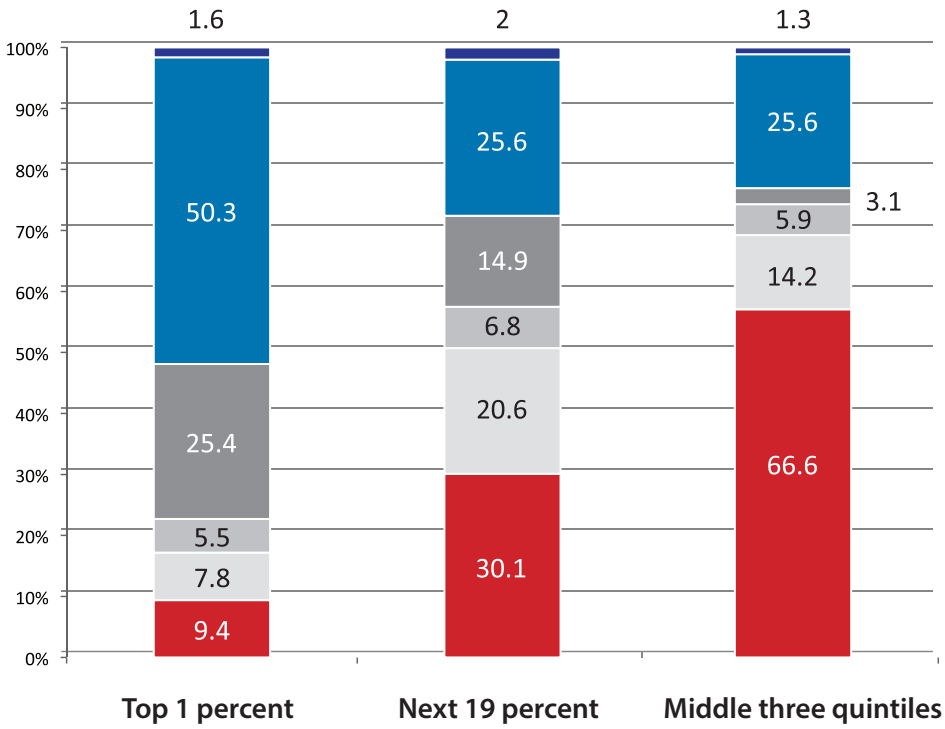
Faith-Based Institutions

Charting the Future of a Just Economy

In the aftermath of the financial crisis, growing economic inequality has wreaked havoc on the financial stability of Main Street. With homeownership as middle- and working-class America's primary asset for building wealth, the largest source of this instability stems from the damage wrought by housing depreciation and the foreclosure challenges that continue to play out in communities across the nation.

The Composition of Household Wealth in the United States

Percent of Gross Assets



Principal Residence

Liquid Assets

Pension accounts

Corporate stock, financial securities, mutual funds, and personal trusts

Unincorporated business equity and other real estate

Miscellaneous assets

Source: Wolff (2012)

As the nation turns the corner on the Great Recession, these traditionally underserved communities, which were often the primary victims of predatory lending practices during the lead-up to the crisis, are—in some circles—now being blamed for the nation's current economic woes. In this kind of policy-shaping environment, it is imperative that lawmakers know the facts and ensure that policies that address access to credit and capital concerns are not only defended, but also enhanced.

It's time to put Main Street back on the map. This year, NCRC is prioritizing the policy issues that will have a real impact on delivering a just economy for Main Street communities both now and well into the future. Those policies include defending programs and opportunities that make it possible for Main Street to gain access to homeownership affordably, such as the affordable housing goals, and responsibly, such as HUD-certified housing counseling. Because homeownership is the core component of wealth for Main Street America, it is critical that policy attempts to limit or minimize working-class access to mortgage credit be defeated. The economic stability of Main Street and the nation as a whole depends upon this result. Consistent with NCRC's push for policies that allow Main Street to rebuild wealth, our 2014 agenda also focuses on strengthening opportunities for entrepreneurship by increasing transparency for small-business lending data and advocating for more affordable rental housing, access to bank branches, and funding for community development programs.

For some, the interplay of federal policies around housing, the secondary market, business lending, and financial institution access may seem abstract. That conclusion could not be more wrong. Together, these policies will either help close the wealth gap or grow it exponentially, impacting everything we have come to understand about how we build individual wealth, community wealth, and economic opportunity.

NCRC's advocacy initiatives span across all legislative, regulatory, and industry policies to make sure that meaningful community investment remains a priority at every level.

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Issue:

The Need to Require Access in the Secondary Market

Government Sponsored Enterprise (GSE) and housing finance reform will determine who can buy a home in the future. Over the next ten years, more than 7 of 10 net new households created in the United States will be Millennials, racial and ethnic minorities, working-class Americans, and rural residents.[1] These same groups have, historically, encountered many challenges in accessing the conventional credit market. They are frequently pushed into more expensive loans insured entirely by the federal government. A mortgage reform proposal that fails to address the need for the conventional mortgage market to actively serve these communities all but guarantees that either the government will continue to dominate housing finance or America will become a nation of renters.

NCRC's Position:

When it comes to housing finance reform, Congress must require the secondary market to have a tangible and measurable access requirement, either the affordable housing goals or a mechanism that is equally effective, that can ensure access to credit for the full swath of creditworthy borrowers. Access to credit is already an important component in the system we have currently. The GSEs are subject to affordable housing goals that have supported lending to creditworthy working-class borrowers for decades. Fannie Mae and Freddie Mac have made it possible for millions of creditworthy borrowers to become successful homeowners.

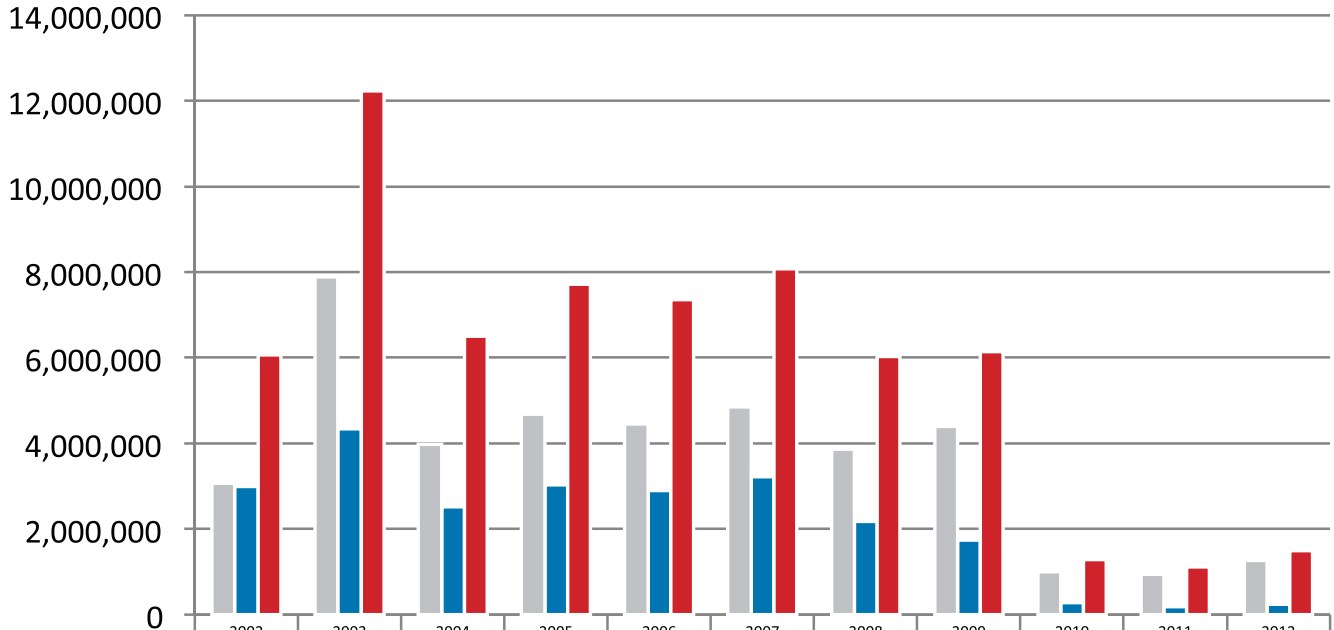
> Since the enactment of the affordable housing goals, the total rate of homeownership grew amongst virtually all demographics.

In the past ten years alone, approximately **63,982,635 households**[2] —***more than half the total number of households in the United States***—have directly benefited from the existing obligation through homeownership or affordable rental housing.

1 Harvard University Center for Joint Housing Studies, "State of the Nation's Housing: 2013."

2 This total number was derived by aggregating the data reported by Fannie Mae and Freddie Mac to Congress from 2002 – 2012 in their required Annual Housing Activities Reports to Congress.

Total Number of U.S. Families Who Benefited From Affordable Housing Goals



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Low and Moderate Income	3,068,000	7,892,558	3,969,845	4,677,854	4,448,298	4,848,926	3,862,860	4,396,068	1,006,865	944,177	1,258,673
Underserved Areas	3,000,000	4,332,273	2,523,761	3,031,102	2,899,455	3,222,461	2,167,606	1,738,319	282,634	177,948	232,952
Total	6,068,000	12,224,831	6,493,606	7,708,956	7,347,753	8,071,387	6,030,466	6,134,387	1,289,499	1,122,125	1,491,625

Low and Moderate Income

Underserved Areas

Total

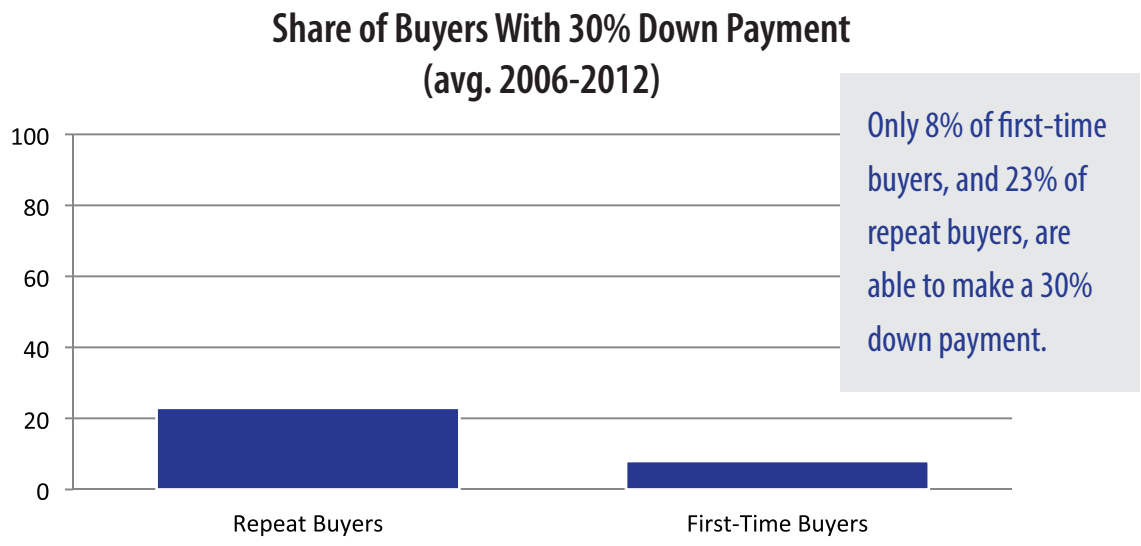
Issue:

Protecting Access by Adopting a Reasonable Qualified Residential Mortgage Rule

The ability of lenders to meet the demand for mortgage loans depends upon the availability of capital provided by investors. Because the implementing rules that define qualified residential mortgages (QRM) will set the parameters for what types of mortgage loans can be securitized and sold in the secondary market without requiring lenders to retain risk, it will likely become the standard for what kinds of mortgage loans lenders are willing to make in the future. Though not required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the initial regulatory proposal for QRM included a steep underwriting requirement. The more recent proposal included one structure that eliminated the down payment requirement and an alternative that proposed an even steeper 30 percent down payment requirement. If the final QRM rule imposes steep underwriting standards, they are likely to have a chilling effect on the availability of home loans in low- and moderate-income communities.

NCRC's Position:

Arbitrary constraints that have little to do with predicting successful loan performance, such as 10 or 20 percent down payment requirements and a 28 percent front-end and 36 percent debt-to-income ratio have no place in the final regulations implementing QRM reforms. These unnecessary restrictions would penalize many responsible consumers with demonstrated good credit who seek safe loan products but lack the savings or equity needed to fit such a rigid standard—essentially locking them out of the market.



Issue:

Integrating Housing Counseling for Federally Guaranteed, Held, or Securitized Loans

Housing counseling has proven to be an invaluable tool for creating successful homeowners. Homeowners who have gone through housing counseling are better able to undertake the problems that arise throughout homeownership, thereby lowering loan defaults. The U.S. Department of Housing and Urban Development (HUD) released a study of 573 individuals who completed pre-purchase counseling as a prelude to buying a home. The study found that 18 months after completing counseling, 35 percent of participants had purchased a home and only one individual had fallen more than 30 days behind their loan payments.

NCRC's Position:

NCRC is encouraging HUD to implement a rulemaking requiring housing counseling as a component in the process for receiving a Federal Housing Administration (FHA) loan. By requiring housing counseling before receipt of an FHA loan, the FHA could reduce its already low default rates. Low default rates would make for a safer investment in the secondary market and a stronger and safer housing market overall.

> Pre-purchase housing counseling reduces delinquency rates by 29% amongst first-time homebuyers.[1]

1 http://www.freddiemac.com/news/blog/pdf/benefits_of_pre_purchase.pdf

Issue:

Helping Underwater Homeowners by Enacting Mortgage Debt Forgiveness Tax Relief

Nearly 11 million U.S. households still owe more on their mortgages than their homes are actually worth. Though we secured a recent victory with the Attorney General settlement requiring banks to perform $17 billion in principal reductions over the next 3½ years, a looming threat may thwart our success. With inaction by Congress, the tax reprieve on mortgage debt forgiveness expired at the end of 2013. That means underwater homeowners who negotiate principal reductions on mortgages will now have to pay taxes on the forgiven amount since the IRS typically classifies canceled debt as income.

Taxing forgiven mortgage debt creates an unfair set of consequences for America's struggling homeowners. Generally, U.S. policy favors assessing tax liability based on the ability to pay. Yet for homeowners already fighting to make regular mortgage payments, taxing principal reductions is a "kick them while they're down" approach. No homeowner facing foreclosure receives a cash or liquid asset windfall by securing a principal reduction.

Taxing principal reductions also deters the restructuring of existing mortgages to ensure continued payments and reduce foreclosures—two actions that are critical to the recovery of the housing market. As a result, it erects a significant barrier to the effectiveness of mortgage workout and mitigation programs, including the recent Attorney General settlement.

NCRC's Position:

To prevent income tax from applying to principal reductions and to ensure the effectiveness of ongoing mortgage workout and mitigation efforts, Congress must modify the nation's tax code to extend the mortgage debt forgiveness exemption. An extension benefits the housing market by making it easier for people to stay in their homes. That outcome would not only be positive for America's homeowners, it is also essential for the recovery of the U.S. economy. Ask your members of Congress to support legislation that once again exempts mortgage debt forgiveness from taxable income.

Issue:

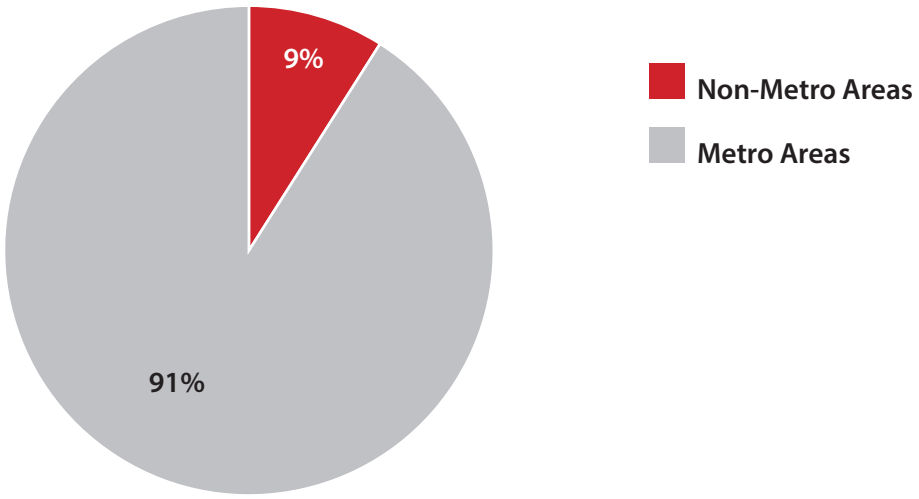
Remembering the Affordable Housing Needs of Rural Americans

More than 59 million Americans live in rural America, where getting access to credit and capital for affordable housing is especially difficult. Financing from the Department of Agriculture's Section 502 program has been key to helping rural cities access the American dream. In the past 60 years, Section 502 Direct Loans have helped more than 2.1 million individuals buy homes and build their wealth by more than $40 billion. Still, Congress has repeatedly reduced funding for the program. The needs of rural Americans are far greater than the funds currently allocated. In a number of states, the wait for 502 loans ranges from 12 to 28 months and the backlog for the program overall is more than $2.1 billion.

NCRC's Position:

Congress and the Administration should support and increase appropriations for Section 502 Direct Loans. By concentrating on housing finance for rural America, Section 502 fulfills a need that is unmet through other federal housing programs available through FHA, the U.S. Department of Veterans Affairs (VA), or HUD's Section 8. On average, these programs devote less than 10 percent of their funds to non-metro areas.

FHA, VA, and HUD Funds Devoted to Rural Areas



Issue:

Funding the National Housing Trust Fund and Capital Magnet Fund Now

With Fannie Mae and Freddie Mac in conservatorship and reform on the horizon, the National Housing Trust Fund, created in 2008, has yet to be capitalized. The National Housing Trust Fund was created to meet the specific needs of very low- and extremely low-income renter households. These households already face a severe shortage of affordable rental housing and the need is only expected to grow. The Capital Magnet Fund exists to support the kinds of community development projects that grow wealth and benefit communities as a whole.

NCRC's Position:

The National Housing Trust Fund should be funded through the existing provisions or by including funding provisions in housing finance reform. Lawmakers should also remove the suspension clause that allows regulators to cease contributions to the Fund. Lawmakers should dedicate a new source of funds, including allocating some of the savings achieved through any tax reforms, to capitalize the National Housing Trust Fund. We need to make sure that affordable rental housing is available for very low- and extremely low-income individuals and their families.

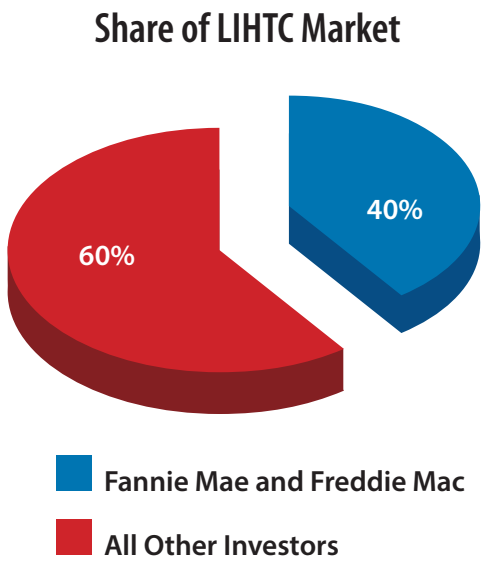
In 2012, but for the GSEs being in conservatorship, the National Housing Trust Fund and the Capital Magnet Fund would have received **$556,398,780.**

Issue:

Preserving the Low Income Housing Tax Credit

Between 1990 and 2010, the Low Income Housing Tax Credit (LIHTC) program placed more than 2.5 million units of affordable rental housing into the market. Though it is one of the most important and successful resources available today to help finance the development of rental housing for low- and moderate-income individuals, some members of Congress have pushed to eliminate the credits as part of overall tax reform. With Harvard University's Joint Center for Housing Studies identifying an existing affordable housing shortage of three million units, now is not the time to cut back or eliminate one of the nation's most successful programs for creating affordable rental housing.

NCRC's Position:



As Congress considers tax reform, it is critical that the LIHTC program is preserved to ensure the development of affordable rental housing units serving low-income households.

In addition, the program must be strengthened by permanently eliminating floating rate challenges; Congress must renew provisions in the Housing and Economic Recovery Act of 2008, which provided a flat nine percent rate for the 70 percent LIHTC.

Another way to protect and ensure the effectiveness of LIHTC is to enforce and strengthen the affordable housing goals and the multifamily requirements they place upon the government sponsored enterprises Fannie Mae and Freddie Mac. The multifamily and affordable rental housing industry relies on government support. Affordable multifamily housing requires the availability of the long-term debt that the private sector has not been willing to provide. In 2012 alone, a slow year for the GSEs, Fannie Mae and Freddie Mac securitized nearly $33 billion of multifamily lending and supported the creation of almost a half-million units for working-class renters. And prior to the financial crisis, Fannie Mae and Freddie Mac alone accounted for 40 percent of the annual Low Income Housing Tax Credit market. That makes them, by far, the nation's two single largest investors in LIHTC.

Issue:

Protecting Tenants in Foreclosure

Foreclosures do not only affect homeowners, they also affect millions of tenants. In 2009, Congress passed the Protecting Tenants at Foreclosure Act, which provides protection for tenants who find themselves displaced due to a foreclosure sale of their rental unit. Under the Dodd-Frank Act, these protections for tenants are due to expire at the end of 2014.

NCRC's Position:

The fallout from the housing crisis is likely to extend well beyond the end of 2014 as millions of delinquent properties continue to work their way through the process. Therefore, NCRC is encouraging Congress to eliminate this sunset provision. In doing so, federal housing policy can ensure that both homeowners and renters receive the minimum consideration and notice due before being removed from their homes.

Issue:

Imposing a Financial Transaction Tax

In the last 20 – 30 years, advancements in technology have greatly reduced the cost of trading financial instruments such as stocks, bonds, options, and credit default swaps just to name a few. As trading these assets has become easier and cheaper, the amount of trading—and the amount of risky trading—has increased. Many economists agree that most of these trades have little economic or social value and that just raising trading costs back to the level of 20 or 30 years ago would have very limited impact on trades that have real economic value.[1]

NCRC's Position:

Policymakers have recently proposed a "financial transaction tax," or FTT. This would be a tiny fee, as small as a fraction of a percent, imposed on trades of financial instruments. A modest financial transaction tax could both rein in speculative investing and generate funds for our communities. The revenue could be used to create and support jobs, public services, and infrastructure amongst various other activities. NCRC supports policies that support Main Street and create investment in our communities.

1 http://www.cepr.net/documents/publications/economists-letter-ftt-2009-12.pdf

Issue:

Enhancing Data Transparency and Disclosure

Through various piecemeal data sets, researchers have been able to determine the major causes of the financial crisis. But the financial crisis, and its aftermath, also revealed that there is a tremendous amount of information that we don't know about lending and the activities of markets. Unfortunately, this opacity contributed to the catastrophe and shielded from view lending practices that disproportionately disadvantaged individuals and families based on race, gender, and income.

NCRC's Position:

NCRC led the charge to require financial institutions to track and report whether lenders are meeting the capital and credit needs of small, minority and women-owned businesses. We succeeded in adding a data disclosure requirement to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Unfortunately, the Consumer Financial Protection Bureau—the entity tasked with collecting this data—has failed to do so. Substantive data disclosure is critical to monitoring whether lenders are meeting the capital needs of households and small businesses and if they are doing it safely. Going forward, we must continue to push for enhanced data transparency and disclosures in the financial services sector. Regulators like the Federal Housing Finance Agency and the Consumer Financial Protection Bureau, for example, must make it a point to collect this data and make it publicly available.

Issue:

Improving Accountability for CRA Activities With Broader Assessment Areas and Tougher Bank Examination Standards

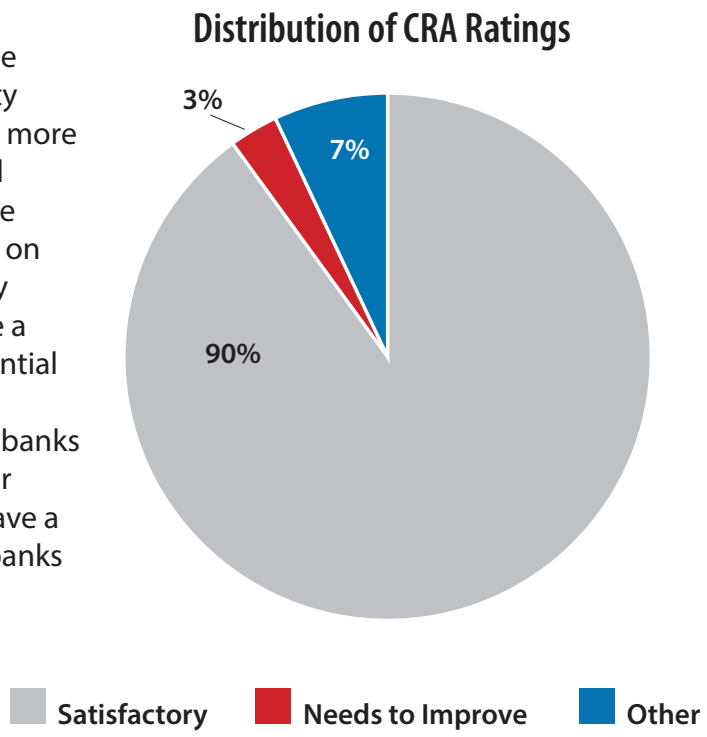
The Community Reinvestment Act (CRA) is an important vehicle for driving private financial investment into America's underserved communities. CRA has generated more than $6 trillion in private investments for Main Street. Unfortunately, the CRA applies only in areas where banks have bank branches; it does not capture all online lending activity nor does it capture the rise of other branchless financial institutions that are expanding into lending.

Considering the scope and pace of these new and evolving channels, the existing CRA assessment areas based on branch location are insufficient and do not capture the complete market presence of a financial institution for the purpose of determining that institution's reinvestment activity.

CRA assessment areas should be broader and regulations should reflect the changing dynamics of the banking industry. Updates should include exam criteria that weigh originated loans more heavily than purchased loans and implement more rigorous fair lending reviews including better coordination between the federal banks agencies and the Consumer Financial Protection Bureau (CFPB).

NCRC's Position:

A changing financial landscape has led to a drop in community investments. Despite this fact, more than 90 percent of all financial institutions continue to receive "Satisfactory" or higher scores on CRA exams and approximately three percent of banks receive a "Needs to Improve" or "Substantial Noncompliance" rating. If the assessment area is expanded, banks will be accountable for all their lending activity and we will have a much clearer picture of how banks are actually performing.



Issue:

Identifying and Enforcing the Public Benefits Claimed by Banks in Mergers and Acquisitions

For nearly 50 years, the law has required federal regulators to consider the public's interest when approving bank mergers and acquisitions. The law specifically states that every applicant must identify and prove the public benefits that can reasonably be expected to result from the acquisition. Still, regulators and financial institutions have been lax in their obligation to ensure that claimed public benefits actually materialize.

NCRC's Position:

To benefit communities, regulators must clarify the public benefit standard in their regulations so that both the public and financial institutions can have a strong understanding of the factor's importance and requirements. Post-merger, regulators must also consistently monitor and enforce a bank's claimed public benefits to ensure that institutions fulfill their promises.

Demanding greater detail and accountability in public benefits has created real results. In years past, there was little or no discussion about the public benefits identified in a merger application, but in several recent merger applications federal regulators have denied the application or only conditionally approved the application based almost exclusively on a lack of substantive discussion of public benefit. It is clear that bank regulators have come to understand the significance of identifying public benefit, and that it must be substantively addressed in every merger.

Issue:

Putting a Stop to Disproportionate Bank Branch Closures

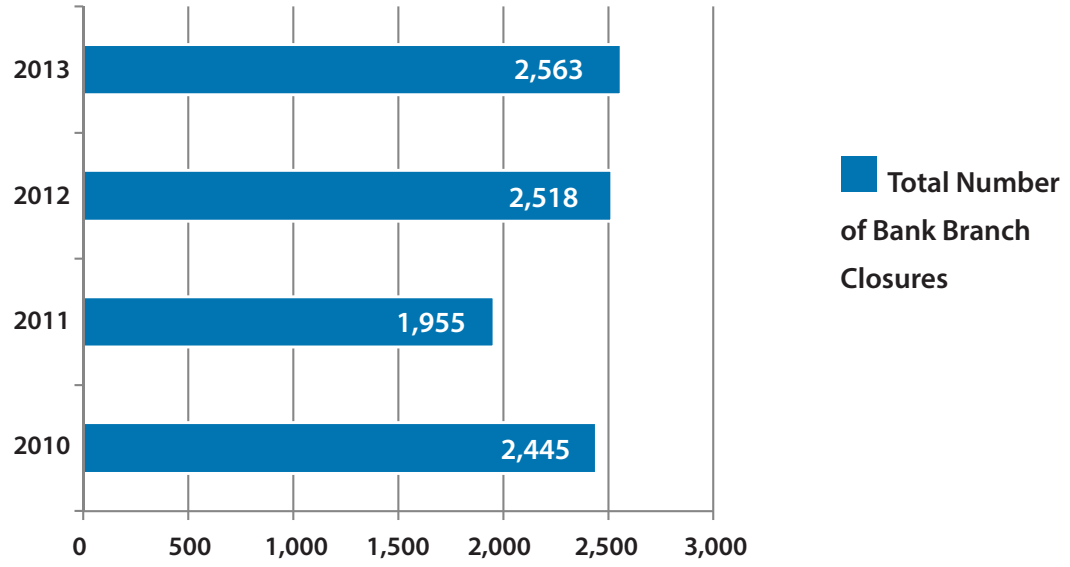
For the past several years, financial institutions across the country have closed more bank branches than they have opened. This trend comes after 15 years of net gains in bank branches. While some suggest that technology explains the reduction in overall branch numbers, data shows that bank closures are significantly higher in low- and moderate-income communities, while wealthy communities continue to experience an overall gain in branches. Often banks are closing the "last branch standing" in low- and moderate-income neighborhoods.

NCRC'S Position:

The disproportionately high number of closures in low- and moderate-income communities suggests that many banks need to reevaluate their closure plans to ensure that they are adequately meeting the financial needs of underserved communities.

By adopting practices that engage the community and examine community impact, such as conducting community impact assessments before filing notice of a branch closure and inviting community stakeholders to participate in a discussion of how the bank will otherwise meet its obligation to provide access to credit and capital, banks can demonstrate their commitment to ensuring that the financial needs of all communities are met.

Total Number of Bank Branch Closures



(Table: Source, SNL Financial)

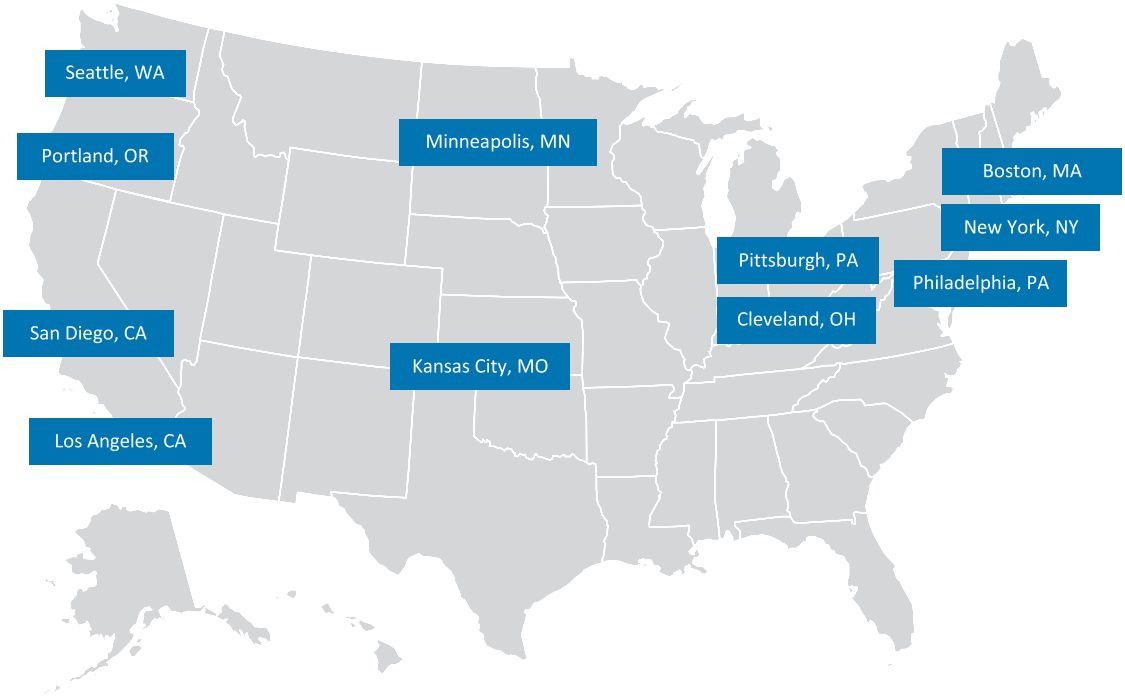
Issue:

Adopting Responsible Banking Ordinances

Many local governments continue to do business with financial institutions that make little effort to provide meaningful investment back into the communities where they make money. As a result, some banks continue to take dollars out of local neighborhoods with no accountability.

NCRC's Position:

Responsible banking ordinances are the best mechanism for municipalities to use their public deposits and investments to induce financial institutions to invest locally. By using a financial institution's investments in Main Street as a factor for deciding where to place deposits and do business, local governments can promote real economic growth at home.



Issue:

Adopting Strong Rules to Affirmatively Further Fair Housing

In July 2013, HUD released the new proposed Affirmatively Furthering Fair Housing (AFFH) rulemaking, which will result in changes to the current AFFH rule. Some of these changes include a new planning tool, requiring HUD to share information and data, and an increase in community participation throughout the process.

NCRC's Position:

NCRC encourages HUD to issue a final ruling on this proposed rule immediately so that state and local officials are able to implement these changes into their state and local planning.

Fair housing violations are still a very real problem in our communities. The new Affirmatively Furthering Fair Housing rulemaking is designed to both detect and prevent these wrongs.

Issue:

Protecting Disparate Impact Claims Under the Fair Housing Act

Disparate impact doctrine is more important than ever in the fight for fair housing. Disparate impact analysis can reveal less blatant, but equally damaging, forms of discrimination that continue to pervade the housing market. Disparate impact prevents unnecessary discrimination and exclusion. As the legality of disparate impact claims under the Fair Housing Act is being challenged, it is imperative that policymakers understand the importance of the theory in making our housing markets operate fairly.

NCRC's Position:

We must work diligently to defend the validity of disparate impact claims under the Fair Housing Act. The Department of Housing and Urban Development recently adopted its own disparate impact rule, as have other federal entities including the Consumer Financial Protection Bureau. It is also clear that the United States Supreme Court is interested in hearing a disparate impact case as it relates to the Fair Housing Act, but its outcome there is uncertain.

Issue:

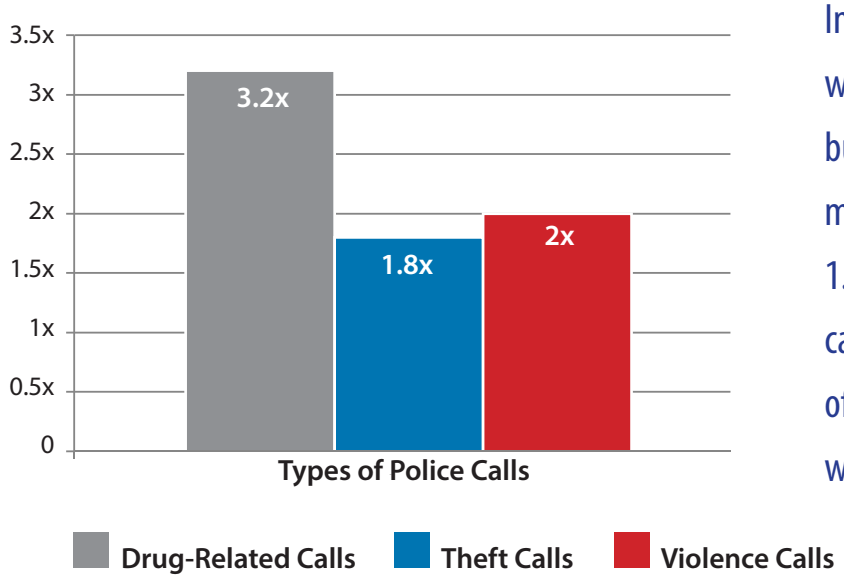
Revitalizing the Hardest-Hit Communities

In neighborhoods across the country, many homes are still close to going into foreclosure, severely underwater, or long since abandoned. The community damage caused by these properties is significant, including visible blight, higher crime and unemployment rates, rising demand for city services, and a shrinking tax base.

NCRC's Position:

Stabilizing neighborhoods is essential to rebuilding our economy. By providing communities with the resources they need to remedy blight and rebuild, we can stop the cycle of economic depression plaguing our neighborhoods and equip them to recover. It is critical that the federal government fund a comprehensive stabilization program targeted at those communities still reeling from the crisis. The program should combine redevelopment with workforce training to ensure that local residents benefit most from revitalization efforts. The program should also be designed to complement existing federal funding and financing programs for housing developments and rehabilitation.

A study found that houses within 150 feet of a vacant or abandoned property experienced a net loss of $7,627 in value.[1]



In Austin, Texas, blocks with unsecured and vacant buildings had 3.2 times as many drug calls to police, 1.8 times as many theft calls, and twice the number of violent calls as blocks without vacant buildings.[2]

1 http://www.smartgrowthamerica.org/documents/true-costs.pdf

2 http://www.smartgrowthamerica.org/documents/true-costs.pdf

Issue:

Preserving Appropriations for the Programs that Help Communities Prosper

In December 2013, Congress passed the Bipartisan Budget Act of 2013. However, this is only a first step, as many programs that help communities prosper have been affected by sequestration; it is still unknown which programs will be reinstated to full funding levels.

NCRC's Position:

It is important to encourage Congress to appropriate funds to programs that demonstrate a strong investment in realizing the goal of full economic recovery and rebuilding community prosperity. Our specific funding suggestions appear in the table on the next page.

Program (dollars in millions)	FY 12 Final Approp.	FY13 Enacted	FY13 Sequestration	FY14 House (H.R.3547)	FY14 NCRC Ask
Cmty. Devel. Block Grants (Sustainable Commun. Init.) (Rural Innovation Fund)	3,308 (100) 0	3,242 50 0	3,078 0 0	3,030 0 0	3,508 (100) (100)
HOME	1,000	998	948	1,000	1,000
Tenant-Based Rental Asst.	18,914.4	19,396.3	19,134.3	19,177	20,000
Project-Based Rental Asst.	9,339.7	9,321	8,521	9,9177	8,700.4
Public Hsg. Capital Fund	1,875	1,871	1,777	1,875	2,070
Public Hsg. Operating Fund	3,961.9	4,253	4,054	4,400	4,591
Choice Neighbrhd. Initiative	120	120	114	400	150
Housing Trust Fund	0	0	0	0	1,000
Native Amer. Hsg. Block Grant	650	650	616	650	700
Homeless Assistance Grants	1,901.2	2,029	1,933	2,105	2,231
Rural Hsg. Stability Prog.	—	—	—	—	5
Hsg. Opps. for Persons w/ AIDS	332	330	315	330	332
202 Hsg. for Elderly	374.6	377	358	383.5	475
811 Hsg. for Disabled	165	165	156	126	165
Fair Housing	71	71	67	66	75
Healthy Homes & Ld. Haz. Cntl.	120	120	114	110	120
Self-Help Homeownshp	13.5	13.5	13	10	13.5
Housing Counseling	45	45	43	45	80
502 Single Fam. Direct	900	900	855	900	900
502 Single Family Guar.	24,000	24,000	24,000	24,000	24,000
515 Rental Hsg. Direct	64.5	31	28	26.6	28.4
538 Rental Hsg. Guar.	130	150	150	150	150
542 Rural Hsg. Vouchers	11	11	10.8	12.6	14
Rural Cmnty. Dev't Init.	3.6	6.1	5.7	6	8
521 Rental Assistance	904.7	907.1	862	1,110	955.6
CDFI	259	260	209	226	250

Issue:

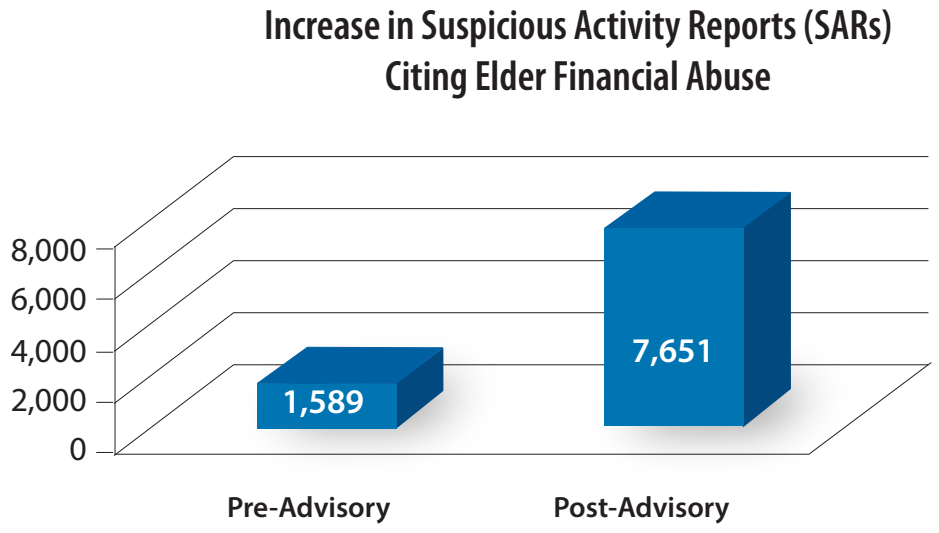
Stopping Elder Fraud and Abuse

With 47 times the wealth of younger households, older adults are prime targets for financial predators. Experts suggest that older adults lost a reported $2.9 billion annually from financial exploitation. Whether it's a lottery scam, mortgage fraud, investment schemes, the stealing of benefits, forged checks, or identity theft, the cost of elder financial exploitation is the same: retirement instability, lost means, and a heightened risk of financial insecurity during a phase of life when the prospect of generating new income is often limited.

NCRC's Position:

Regulators should increase the use of the existing framework under the Bank Secrecy Act to detect more instances of fraud and abuse. The Financial Crimes Enforcement Network already issued an advisory encouraging financial services providers to report elder financial abuse using the suspicious activity reporting process.

The push to take greater advantage of the suspicious activity reporting framework is already working. One study found that the reporting increased by 382 percent in the year following the advisory.



Issue:

Reauthorizing the Older Americans Act (OAA)

The programs offered through the Older Americans Act (OAA) are critical tools in the fight to preserve the economic security of Americans as they age. Programs like in-home meal delivery, personal care assistance, legal assistance, and transportation services are critical components of a community effort to allow more seniors to age in place.

NCRC's Position:

Congress must remember the important role the OAA plays in seniors' ability to age in place. NCRC encourages Congress to reauthorize this Act and its funding to ensure that older Americans are able to live safe, healthy and self-sufficient lives. OAA services often make the financial difference in determining whether a senior can afford to age in place.

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