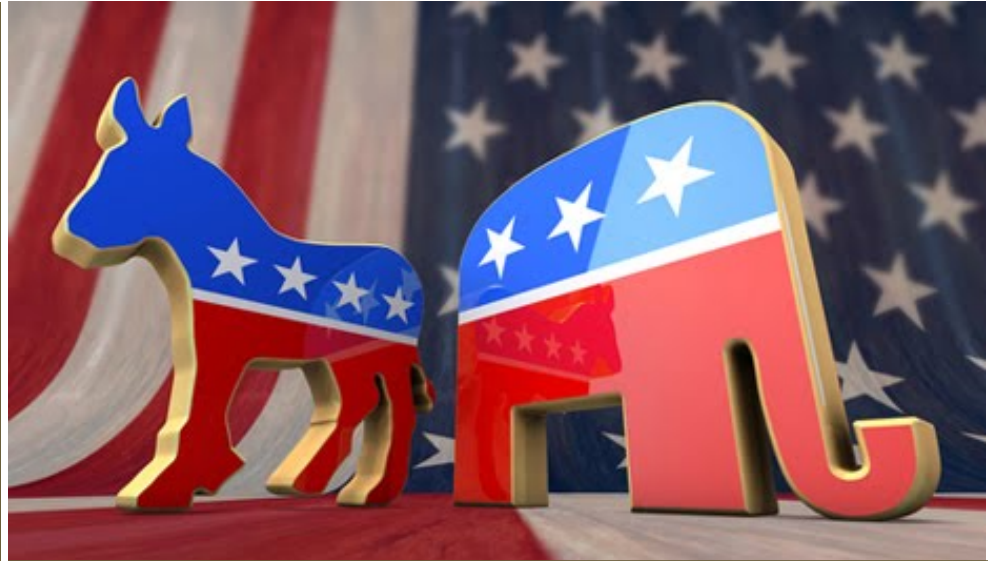


## Policy Watch



|   |          |   |          |  |          |
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## Winning No Matter Who Wins:

### Shifting Political Opinion in the Housing Debate

By Mitria Wilson and Elizabeth Kemp

On November 6, millions of Americans made their voices heard by deciding who would lead this country for the next four years. This article isn't about that process or its end result. It's about what happens next. Once all the votes are tallied, the real work begins. And, regardless of the outcome, housing advocates face steep challenges and a fresh opportunity.

Though politicians are squarely focused on the economy, housing has been on the sidelines. Issues like the housing market's recovery, assistance for homeowners, and affordable rental housing were noticeably absent from the national political debate. Going forward, our success rests upon the ability to change that fact. Here are just a few of the shifts in political opinion that

must occur in order to jump start the conversation, reframe and centralize the housing debate, and spur the government to act.

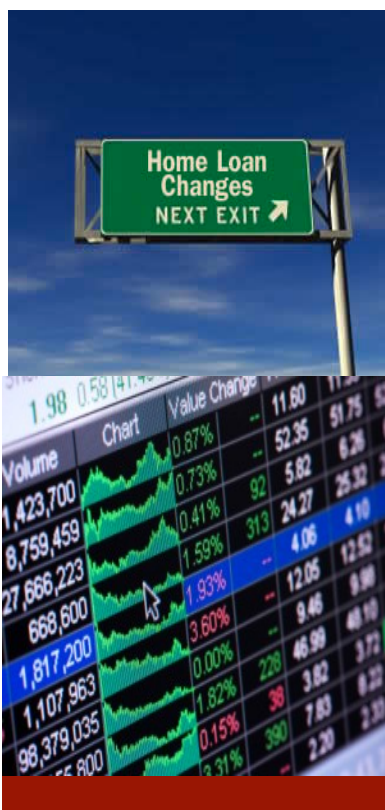
**SHIFT #1: The housing market's recovery is a bipartisan issue.** In politics and policy, issues are quickly classified as belonging to the left or the right. Housing is one issue that should not be. Second to the nation's seniors, homeowners are the largest voting demographic in the United States with the numbers of registered democrats and republicans at a virtually even split.

Yet, despite this fact, there has been little to no bipartisan support or sustained focus on housing issues during most of the financial crisis and ensuing recovery. In order for the housing debate to take center stage, parties **(continued on page 7)**



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## Make Your Voice Heard: Regulatory Comment Periods in November and December

| REGULATION   | AGENCY   | DEADLINE          |
|--|----------|-------------------|
| Request for Information on Effective Financial Education   | CFPB     | November 2, 2012  |
| Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z)                           | CFPB     | November 6, 2012  |
| Small Business Size Standards: Finance and Insurance and Management of Companies and Enterprises   | SBA      | November 13, 2012 |
| Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program   | HUD      | November 16, 2012 |
| Margin and Capital Requirements for Covered Swap Entities;   | Multiple | November 26, 2012 |
| Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers | SEC      | December 17, 2012 |



### Get Engaged. Stay Informed.

NCRC Members Only Monthly  
Legislative & Regulatory Conference Call

*Dial in Wednesday, November, 14<sup>th</sup> at 1:30 p.m. (EST)*



## The Fight Continues: Strengthening the Community Reinvestment Act

By Josh Silver

NCRC has been working hard to enhance the implementation of the Community Reinvestment Act (CRA). In 2010, when the federal banking agencies held hearings on improving CRA, NCRC and several of our member organizations told regulators that bolstering CRA would increase responsible lending and investing and give banks an incentive to modify the loans of distressed homeowners and engage in other foreclosure prevention efforts. So far, the federal agencies have failed to propose changes to CRA regulations since the hearings, but the good news is that they are currently considering reforms to examination procedures that could motivate more bank financing for community reinvestment initiatives.

The CRA exam is a report card for banks with ratings for their lending, investing, and services in low and moderate-income neighborhoods. If the CRA exam grades banks rigorously and fairly, banks will increase their community reinvestment efforts. Public comments, in particular, can influence the overall ratings banks receive or ratings in particular geographical areas. CRA exams will be more effective in making sure all communities are served if they engage in a full review of lending, investing, and services in a wide variety of geographical areas.

Currently, the geographical scope of exams is restricted. Many CRA exams of large banks will conduct a full scope and thorough review of bank performance in large metropolitan areas but will do a limited scope and light review in smaller metropolitan areas and

rural counties. This is true even if a bank has made considerable numbers of loans in these areas.

NCRC has responded to regulators' efforts by gathering signatures from hundreds of NCRC members and allies for a letter recommending CRA improvements. The letter was sent to the agencies in early October. In it, NCRC proposed two possible remedies to inadequate geographical coverage. Under one alternative, the agencies could randomly select geographical areas for full scope review. Banks would not know which areas would be selected for the most comprehensive reviews so they would need to perform well in all areas (urban and rural) in which they made a significant number of loans. If the agencies do not opt for the random assignment approach, NCRC recommended that at least one smaller metropolitan area and one rural area in each state must be reviewed using the full scope exams.

NCRC also recommended a series of improvements to data tables in CRA exams. For example, community development lending and investing is often reported in an inconsistent and/or cursory manner on CRA exams. NCRC suggested that exam tables report separate totals and dollar amounts of community development financing for affordable housing, small business financing, and economic development for each geographical area on the exam. The exam narrative should also regularly discuss innovative examples of community development financing and identify the non-profit or  
(continued on page 7)



## This Lame Duck Needs to Float: Congress Must Act This Year to Extend Mortgage Debt Tax Relief

By Elizabeth Kemp

As the last of the confetti from the election is cleared away, the lame duck session of Congress will begin. A lame duck session is the period of time between the November election and the inauguration of new leadership in January. Lame duck sessions do not always inspire tremendous amounts of productivity, but this session will need to be different. Rarely has there been so much at stake in the last days of a Congress. There are several critical issues that must be addressed before the end of 2012, including the looming “fiscal cliff” and several other tax provisions that Congress must decide to renew or allow to expire.

Some of these outstanding tax provisions could have a tremendous impact on homeowners and the recovery of the housing market. For example, despite

multiple bills and bipartisan support, Congress has failed to pass a bill extending mortgage debt tax relief. The Senate Finance Committee has passed a one-year extension bill, but it is still waiting for a vote in the Senate chamber.

An estimated 12 million homeowners are currently underwater on their mortgages. Currently, underwater homeowners that modify their loans and receive some mortgage principal forgiveness are not taxed on the amount forgiven. Mortgage principal reduction closes the gap between the balance owed on a mortgage and the actual market value of a home. If a homeowner is paying down a \$300,000 mortgage on a home that is now only has a market value of \$200,000 a principal reduction could trim the mortgage balance to \$200,000. Without an extension of the

tax relief law, a borrower could have the amount of the reduction taxed as if it were income. Underwater homeowners are less likely to seek out reductions if they feel they are replacing a mortgage they cannot afford, with a tax bill they cannot afford.

The need for clarity and certainty on this issue is not new or unexpected. It is in the best interests of America’s homeowners and the housing market to provide homeowners with the tools they need to recover from the financial crisis. Congress’ inability to negotiate solutions has brought us to a stand-still, and the decisions it makes, or fails to make, in the next seven weeks will have very real consequences for the American economy. Congress owes it to the American people to make this lame duck session one of the most productive in history.



## Banks Behaving Badly: M&T's Proposal to Buy Hudson City Savings Bank is Way Too Little, Way Too Late

By Matthew Lee, Inner City Press and NCRC Board Member

Many struggling banks are reaching out to try to sell themselves to more profitable outfits. Hudson City Savings bank is one of those institutions. It fattened itself by buying up banks in New York's tri-state region but, when Wall Street's downturn hit, Hudson City went underground. In 2012, after Hudson City was unable to cure itself, management put it up for sale and Buffalo-based M&T beat out two other suitors.

Home Mortgage Disclosure Act data from 2011 shows that, although Hudson City Savings Bank is lesser known than M&T, it is a much larger mortgage lender in the New York City Metropolitan Statistical Area (NYC MSA).

But Hudson City's record, when examined in the light, is just unacceptable. The bank disproportionately excludes African Americans and Latinos: Hudson City denied the applications of African Americans 3.21 times more frequently than those of whites. And for conventional home purchase loans in the NYC MSA in 2011, Hudson City made 765 loans to whites and just 5 to African Americans.

M&T's record is not much better. In the NYC MSA in 2011, M&T made 119 conventional mortgage loans to whites and only 17 to Latinos. Latinos were denied almost 2 times more frequently than whites.

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M&T very publicly celebrated Hispanic Heritage Month at its Newburgh, New York branch, but none of the media reports mentioned the bank's record or the challenge to the merger.

NCRC members in the region have conferred and filed comments, in a collaborative practice we will be using more often. M&T has responded to the regulators by describing its own practices, but has not offered any explanation of Hudson City's, even though Hudson City is a larger presence here. Hudson City refused to respond to calls from journalists.

What should be done with a bank like this? What is the public benefit of such a merger? These are the questions being asked and, so far, M&T has failed to provide an acceptable answer.



PHOTO: ORJAN F. ELLINGVAG/CORBIS



## NCRC Members Keep Up the Pressure on Housing

By Caitlin Rountree and Eric Hersey

On September 13, dozens of members from the National Community Reinvestment Coalition came to Washington D.C. for the White House's American Economic Competitiveness Forum on Housing. At this forum, over a hundred community advocates came together with administration officials at the White House to discuss solutions to America's housing crisis.

"This was an important platform for local community advocates and service providers to voice their priorities to the Administration," said Empowering and Strengthening Ohio's People (ESOP) Executive Director Mark Seifert. "We made clear the importance of prioritizing housing counseling and foreclosure prevention in our communities in Ohio and elsewhere."

"This meeting was a valuable chance to speak directly with the White House about critical housing issues facing communities, particularly communities of color," said Sarah Ludwig, Co-Director of the Neighborhood Economic Development Advocacy Project (NEDAP). "Our communities and neighborhoods remain in serious distress because of the housing crisis, and we need the administration to commit to tackling these problems comprehensively."

The forum provided community organizations with an opportunity to push for new measures to stabilize communities, expand the number of principal reductions offered to homeowners, ensure homeowners have access to meaningful and effective housing counseling, and achieving equitable access to capital and credit for low- and moderate-income communities. Visit our website at [www.ncrc.org](http://www.ncrc.org)

effective housing counseling, and achieving equitable access to capital and credit for low- and moderate-income communities.

In advance of the forum, [NCRC and its members called on the President](#) to make a recess appointment to head the Federal Housing Finance Agency. Acting Director DeMarco has refused to allow principal reductions for potentially hundreds of thousands of homeowners who have loans backed by Fannie Mae and Freddie Mac. [The Financial Times recently reported](#) that the forum resulted in an effort by the Administration to identify new names of potential appointees for the post.

NCRC's policy positions are informed by the community experts who make up its membership. We believe we are stronger when we work together in coalition, and our strategy is to elevate the voices of community organizations around the country. Here are just a few ways that NCRC members can contribute to critical policy conversations:

- On the members only listserv, by posting to [NCRCList@ncrc.org](mailto:NCRCList@ncrc.org);
- On monthly legislative and regulatory phone calls, announced on the listserv;
- At our annual conference, held March 20-23, 2013, in Washington, DC. The conference includes our annual membership meeting, as well as a Hill Day. Register online at [www.ncrc.org/conference](http://www.ncrc.org/conference);
- The membership and policy teams at NCRC welcome your phone calls and emails.



## NCRC Webinars:

- Nov. 13**  
12:00 pm  
(EST)      **The New HUD Office of Housing Counseling: Leadership Q & A.** Last month, HUD's newly created Office of Housing Counseling opened its doors for the first time. This month, NCRC brings you the Office's leaders who will answer the questions that matter most to the housing counseling community.
- Nov. 15**  
11:00 am  
(EST)      **Interpreting Home Appraisals: Solving the Mystery of the Home Valuation Process.** In this webinar, NCRC brings experts together to explain the fundamentals of the appraisal process, the role of valuation in the servicing, REO, and foreclosure process, and recent regulatory changes.
- Nov. 28**  
3:00 pm  
(EST)      **Navigating the Road Ahead: Sequestration and the Older Americans Act.** Every stretch of road presents its own obstacles and opportunities. The key is to be prepared. In this webinar, NCRC will educate advocates on how to navigate the uncertain terrain of the looming fiscal cliff and the path to reauthorizing the Older Americans Act.
- Nov. 29**  
2:30 pm  
(EST)      **Building Wealth: Bringing Banks to the Table through Community Power.** In this webinar, NCRC covers the basics on the Community Reinvestment Act and offers community organizations the tools they need to leverage influence with financial institutions and build community wealth.

## The Fight Continues: Strengthening the Community Reinvestment Act (continued from page 3)

public sector partners collaborating with the banks so that readers of exams can replicate innovative projects in their communities. NCRC also asserted that making public input easier on exams was vital. In addition to publishing exam schedules, the agencies must indicate on their websites which staff can answer questions and which staff receives public comments on CRA exams.

In late October, NCRC also led a meeting involving several NCRC members and allies with the Consumer Financial Protection Bureau (CFPB) on implementing the improvements to the Home Mortgage Disclosure Act (HMDA) required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. These improvements include more information on loan terms and conditions, the age of the borrower, the value of the home, foreclosures, and credit score information. The HMDA changes should also bolster the ability of CRA exams to reward banks for safe and sound lending and penalize them for risky and abusive lending to low- and moderate-income borrowers. NCRC urged the CFPB to propose changes to HMDA and ask for public comments in an expeditious manner. We will continue to keep our members informed of this important process.

## Winning No Matter Who Wins: Shifting Political Opinion in the Housing Debate (continued from page 1)

on both sides of the aisle will need to feel pressure from their constituencies to act.

**SHIFT #2: Allowing the housing market to self correct is not a viable economic option.** Despite industry claims that it can self regulate and that the federal government must shoulder all of the blame for the financial crisis, past experience demonstrates that the financial industry cannot, or will not, self regulate effectively. Far too many in the industry are willing to do what is best for their bottom line in the short-term without concern for the long-term impact on consumers or the economy as a whole.

**SHIFT #3: Federal action is the most effective and efficient solution.** Key players in the housing market operate businesses that stretch across multiple local jurisdictions, states, and even countries. The federal government is the only entity with jurisdiction large enough to reach those actors and all of their operations. A federal solution is also the only clear way to achieve the uniform and consistent regulatory framework capable of giving the financial industry the certainty it says it needs.

Together, these three shifts in public opinion could get Congress moving on housing legislation. Count on NCRC to press for these shifts as we prepare for the 113th Congress.



## A Look at the New Older Americans Act Reauthorization Bill

By Sehar Siddiqi

Originally passed in 1965, the Older Americans Act is one of the government's main avenues to provide social and nutritional services to the elderly population and their caregivers. It also provides community service based employment training for low-income older adults, supports research and education in the field of aging, and aids elder rights protection work. On September 19th, 2012, Sen. Bernie Sanders (D-VT) and 14 co-sponsors introduced S. 3562: Older Americans Act Amendments of 2012, which reauthorizes and expands the provisions of the Older Americans Act. This enhanced version of the Older Americans Act (OAA) included in Sen. Sanders' reauthorization bill not only continues to maintain the necessary and helpful provision of the OAA, but also stresses the importance of economic security and sensitivity to all groups of older adults across the various programs.

Nearly one in ten adults age 65 and above live below the official U.S. poverty line and rely on the programs provided by the OAA to stay active and healthy in their communities. Sen. Sanders' bill recognizes the importance of having adequate financial resources for any retired adult in this country. As a result, the term "economic security" will now be a major goal of the OAA and defined as "access to the assets, income, and community based services necessary to provide for adequate and unsubsidized housing, health care, transportation, food, long-term care, and goods and services to meet other basic human needs. Such access shall be measured in a manner that shall be geographically based, and take into account an individual's life circumstances." The bill also calls for the coordination and adoption of economic security activities and strategies across federal and local government. Financial abuse and exploitation prevention is enhanced through legal assistance and other activities. With the estimated annual monetary loss through elder financial abuse to be at least \$2,900,000,000, the ability to

help and prevent any further exploitation is key to keeping older adults in their homes.

The bill specifies that care coordination encompasses the coordination of medical and social services, explicitly integrating social services into the care coordination model. The needs of both older adults and caregivers are to be met effectively to ensure that proper and sustained support is given to our most fragile older adults. The bill also highlights the importance of providing for our nation's diverse elders - groups that, due to cultural and linguistic differences, have not received adequate support in the past. Special attention is drawn to the needs of older veterans, holocaust survivors and lesbian, gay, bisexual and transgender (LGBT) older adults. Our latest generation of older adults is our most diverse generation and it is essential to our neighborhoods that their elders continue to survive and thrive, both at home and in the community.

Right now, the bill has been read twice and referred to the Senate Committee on Health, Education, Labor, and Pensions. But with few legislative days remaining in the 112th Congress, an impending fiscal cliff with sequestration, and several other high-level bills vying for attention from Congress, it's unclear how much additional action is possible on the OAA reauthorization in 2012. It's likely that reauthorization efforts will have to pick up again at the start of the 113th Congress.

NCRC fully supports the reauthorization of the Older Americans Act and believes that its passage is absolutely critical to ensuring economic security for millions of older adults. Stay tuned for more information on how you can help NCRC continue to push Congress to get the new OAA passed.





## Beltway Blurbs

### Your Update on What NCRC is Hearing:

**WE HEAR** that the Consumer Financial Protection Bureau is planning to release a final Qualified Mortgage (QM) rule near the end of November. NCRC believes that only a broad definition of Qualified Mortgage can ensure access to mortgage loans for low and moderate-income and other underserved communities and that the only way to ensure that consumers are adequately protected is by assigning a rebuttable presumption to qualified mortgages under the ability to pay requirement...

**WE HEAR** that a proposed rule on QM's companion, QRM, the Qualified Residential Mortgage, will be released early next year. Count on NCRC to keep you up to date on where the rule is headed....

**WE HEAR** that the Supreme Court is showing interest in Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc. The appeal by Mount Holly asks the justices to decide if the U.S. Fair Housing Act authorizes suits based on a disparate-impact theory (a theory that does not require proof of intentional bias). The Court conferenced on Mt Holly in late October and, on October 29th, issued an order calling for the views of the Solicitor General. While this is better than automatically agreeing to hear the appeal, NCRC and all advocates concerned with protecting disparate impact claims must continue to closely monitor the situation....

## Coming Soon

### NOVEMBER

#### NCRC's 2013 Policy Priorities Survey

NCRC will be sending out its annual Policy Priorities Survey later this month. We want to hear from you about what issues that you think will be the most important to your communities.

### MARCH

#### NCRC's Annual Conference

**"A Just Economy: Building Community Prosperity from the Ground Up."** Join NCRC and leaders from government, business, community non-profits, media and academia March 20-23, 2013 in Washington, D.C. for cutting edge dialogue and hands-on trainings, workshops, plenaries, and topical sessions on issues affecting America's communities.

#### NCRC's Hill Day

Join NCRC Thursday, March 21<sup>st</sup>, for our Annual Hill Day. Part of NCRC's 2013 Annual Conference, Hill Day connects hundreds of consumer and community advocates with their elected officials on Capitol Hill.

## A Picture Worth 1,000 Words: Sandy's Aftermath



Hurricane Sandy is believed to have affected 24 states, causing \$20 billion in property damage and a projected \$60 billion in damage overall. It is one of the most costly natural disasters in US history. Among the millions of Americans affected, as many as 40,000 people are in immediate need of housing assistance. NCRC will work with our members to ensure that underserved communities receive equal support and assistance as they work to rebuild their neighborhoods. Our hearts are with all those who were impacted.

The National Community Reinvestment Coalition is a nonprofit, nonpartisan association of more than 600 organizations dedicated to the mission of building and protecting wealth in America's underserved communities. For more than 20 years, we've advocated to ensure vibrant communities for America's working families by actively promoting access to basic banking services and products, homeownership and the development of affordable rental housing, local business growth, and workforce training. Our members include community reinvestment organizations, community development corporations, community financial development institutions, local and state government agencies, faith-based institutions, community organizing and civil rights groups, minority and women-owned business associations, and social service providers from across the nation.

## Become a Member of NCRC

NCRC supports and empowers our members to serve as effective leaders and representatives in their communities. By offering policy and advocacy support, organizing assistance, research and training, NCRC helps local organizations attract and preserve the financial resources that make communities prosper. Become a part of our powerful and growing coalition. Contact NCRC's membership and organizing team today:

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