

TESTIMONY FOR JOINT PUBLIC HEARINGS ON THE COMMUNITY REINVESTMENT ACT REGULATION

ARLINGTON VIRGINIA JULY 19, 2010

My name is S. Barbara Busch. I am the Executive Director of Working In Neighborhoods in Cincinnati, Ohio. WIN is a 32 year old Community Development and HUD certified housing counseling Agency.

Since our beginning we have worked with and used the Community Reinvestment Act. In the late 80's we worked with local Banks to develop CRA mortgages and construction lending products for Community Development Corporations in the City of Cincinnati. Through CRA, these products allowed us to help over 5000 families in five years to own their homes with a good quality, affordable, conventional market rate loan.

I am here today to discuss ways to improve CRA through changes such as:

- I. All mortgage lenders to be covered by CRA.
- II. All affiliates of lending institutions covered by CRA all of the time.
- III. Create a more comprehensive grading system that will give a clear picture of what the lending institutions need to provide in our communities.
- IV. Assessment areas need to include all the communities the banks serve. WIN studies annually the HMDA data and does a report on foreclosures in Hamilton County, Ohio. Of our top 15 lenders in the HMDA studies, three lenders do not get reviewed for CRA because Cincinnati falls outside of the banks' assessment area. Of the top 10 foreclosing companies in Hamilton County, Ohio seven lending institutions (which are CRA eligible) are not reviewed because Cincinnati falls outside of their assessment area.

The three testing areas I wish to address are:

- a. The lending test;
- b. The service test;
- c. The investment test.

Currently we are in a financial down turn caused by a number of factors. One of these is the charging of high priced loans to minority and low income families. This leads to providing predatory products in all neighborhoods in this country creating the crisis we see today. The crisis that is now next door.

I would like to see every lender responsible to create CRA products that include conventionally priced mortgages with a plan to provide these loans to people of color.

What I know is that in Cincinnati, the HMDA statistics continually prove that a low income white family will get approved three times as often for a mortgage as a upper income African American family.

WIN believes that the current grading system allows lenders to provide subprime loans to people of color - or worst yet, predatory products are being counted for points on the lending test in our neighborhoods.

I would like to see the grading system improved to give points to banks

- who are able to improve their ratio of loans to minorities.
- who give loans in low/ moderate income neighborhoods
- who do loan modifications that keep a family in their home.
- Banks should get a better grade for fixing loans or explaining why they cannot keep the family in their home.

We need a system that ascertains the quality of the investment by a lending institution.

- A higher score should be given for selling the REOs back to community groups who will improve the property, provide homeownership opportunities or encourage owner occupancy.
- Minus points should be given to lending institutions that put REOs in low income neighborhoods on a bulk sale. This automatically means an out of town investor who does not take care of the property will buy it. It is important to get these properties back into productive land use in our neighborhoods instead the continued drain that is caused by poor maintenance and lack of interest from a group out of "Texas".

Each bank must have a plan to provide good quality equally priced mortgages for people of all minorities and women. Business loans need to be provided to minorities, women, as well as green and small businesses. We want to see the grading system reflect when the bank is providing good loans.

At Working in Neighborhoods, we believe that we need to put the community back in the Community Reinvestment Act . The CRA test should include community involvement and the community should have a say in whether the institution can get an outstanding rating.

Submitted by

S. Barbara Busch

Executive Director

Working In Neighborhoods

1814 Dreman Ave

Cincinnati, Ohio 45223

513-5414109