

## MEMORANDUM FOR THE RECORD ("MFR")

**Event:** Interview with the National Community Reinvestment Coalition (NCRC)

**Type of Event:** Interview

**Date of Event:** January 22, 2010

**Team Leader:** Wendy Edelberg

**Location:** FCIC – 1717 Pennsylvania Avenue NW, Washington, DC 20006

### **Participants - Non-Commission:**

- Joshua Silver, Vice President of Research & Policy

### **Participants - Commission:**

- Tom Stanton, Senior Researcher
- Wendy Edelberg, Executive Director

**MFR Prepared by:** Wendy Edelberg

**Date of MFR:** April 30, 2010

### **Summary of the Interview or Submission:**

*When were agreements between institutions and community groups made?*

Height of agreements 1995 to 2000

Around 2000, lenders stopped signing agreements with community groups. Just made unilateral announcements around mergers. A dearth of agreements [with community groups] 2000 to 2008.

*What role did agreements play in the housing boom?*

Most of these agreements of these big institutions were 5 year agreements. So, agreements with community groups, with big drop off in 2000, weren't in effect at the height of the boom.

*Why did firms care so much about their CRA rating?*

Outstanding rating better than satisfactory. This was considered better politically.

*Could you track fulfillment of these agreements?*

Early 2000's, institutions stopped bragging about fulfillment; NCRC had no method of tracking fulfillment

Commitment not enforced. Only CRA exam is enforced and that has to be in assessment area.

We should read the Glenn Canner piece on the CRA, look at work by Raphael Bostic

Bank merger would be approved by groups with conditions

Subprime announcements 2003 to 2007. Lax CRA enforcement over this period

No merger application for acquiring non-bank financial institution, No public hearing, This is because of Gramm-Leach Bliley

CRA related loans: Five to ten million loans a year, 20% of origination. L-M-I / CRA

The OCC, OTS, and FDIC can turn down mergers etc... because of CRA issues

Outstanding rating better than satisfactory. This was considered better politically.

Default rates seem similar for CRA compared to similar borrowers outside CRA area

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