FEDERAL RESERVE BANK of ATLANTA

Partners

IN COMMUNITY AND ECONOMIC DEVELOPMENT

VOL. 1 NO. 3

Pictured above is Atlanta Mortgage Consortium Executive Director Chuck Schied conducting a pre-purchase counseling class of the Community Home Buyers Program.

One solution to housing problems: Better-educated customers

by Steve Quagliana

Home buyer education provides potential home owners with the information they need to buy a home they can afford and keep. Education is one long-term solution to the affordable housing problem, but it is in no way a quick fix.

GE Capital Mortgage Insurance Corporation, along with the Federal National Mortgage Corporation (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), developed the Community Home Buyer's Program in 1989 to help low- and

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PERSPECTIVE

When even having equal income is not enough

by Ron Zimmerman

In the last issue, I discussed the fact that in this country low- and moderate-income blacks and some other minorities have significantly less income and wealth on average than their white counterparts. A comparison of the incomes of the Atlanta low- and moderate-income tracts by race was provided to illustrate this point.

This income polarity also holds true for the middle- and upper-income groups. Within each income group, the incomes of whites tend to cluster near the top of the income range while the incomes of blacks tend to be distributed near the middle to lower end of the income range. Because minority households have fewer cash resources, their ability to purchase homes and increase their wealth is impeded. This suggests that the widespread mortgage loan distribution patterns reflected by the Home Mortgage Disclosure Act data may be largely a consequence of these differences and should not be surprising.

However, several studies have indicated that the unequal patterns of home mortgage lending persist even when income differences are not a determining factor—that is, when the only major difference appears to be race. Indeed, some studies have indicated that at all income levels, even if income is the same, more mortgage loan applications from black applicants are denied than from white applicants. This observation more than anything else has led to

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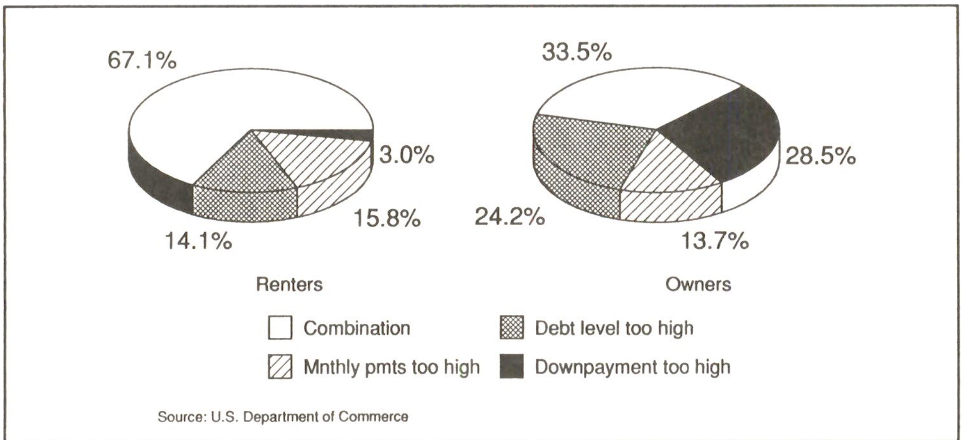
HIGHLIGHTS

Factors Preventing Purchase of Modestly Priced Home for Families: 1988
(Using conventional, fixed-rate, 30-year financing)



EQUAL: Income is not sole determinant

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heated allegations of discriminatory lending practices.

Differential Treatment or Disparate Impact?

When credit discrimination is mentioned, most people think of lenders treating equally qualified applicants differently when making credit decisions. However, it would seem unlikely that this type of intentional discrimination could occur during the application evaluation stage on a scale that results in widespread loan disparities and yet escape examiner detection year after year. Examiners look at selected individual application files on both loans approved and loans denied, and these samplings have not revealed patterns of differential treatment of minority applicants.

Nor does it seem likely that huge numbers of qualified applicants could be unfairly denied loans without numerous individual complaints being made to the regulators. In fact, complaints of specific instances of unfair treatment are quite rare despite studies that have documented denial rates for blacks at up to five times the rate for whites. Few, if any, of these complaints have been validated when they were investigated.

Finally, the demands of some community activists to make concessions in pricing and underwriting to eliminate the loan disparities suggest that blacks and other minority applicants are finding it difficult to qualify under the prevailing loan standards. Therefore, the problem seems to be primarily one of economics. In other words, the lending standards being used are having a disparate impact on minorities.

The question that immediately arises is, "Why can't a

"Why can't a black applicant with the same income as a white applicant qualify for the same loan amount as the white applicant if they are not treated differently?"

black applicant with the same income as a white applicant, particularly at the middle- or higher-income level, qualify for the same loan amount as the white applicant if they are not treated differently?"

The answer to this question has yet to be firmly established because data on the financial circumstances of individual applicants are not readily available. However, a key factor in the answer may be that even at middle- and higher-income levels, a tremendous difference in wealth still exists between blacks and whites.

The Survey of Income and Program Participation (conducted by the Department of Commerce using 1988 data) revealed that the median net worth of white households was about 10 times that of black households: $43,279 for white households versus $4,169 for black households. The net worth of Hispanic households was $5,524.

This difference results from numerous factors. One is that black householders are younger than white householders (black householders are more likely to be under 45 years old and less likely to be elderly). In general,

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Congregations for Affordable Housing, a nonprofit organization, is rehabilitating this 28-unit co-op in Decatur, GA, with funds from a state housing trust fund, the Dekalb County Housing Authority, a local S&L, and SERV. Permanent financing will be provided by the Atlanta Mortgage Consortium and the National Co-op Bank.

This 9-unit subdivision was developed by Progressive Redevelopment, Inc., Atlanta, and combined a small grant from a local nonprofit organization with an A&D loan from SERV. Permanent financing was provided by the Atlanta Mortgage Consortium.

This 10-unit subdivision being developed by Interfaith, Inc., received $30M in gap financing from SERV. Construction financing was provided by Atlanta Civic Enterprises, a civic lender of which Atlanta's major banks and businesses are stockholders. Permanent financing will be provided by local financial institutions.

Community development loan funds: Filling the gaps

These three projects received gap financing from Southeastern Reinvestment Ventures, Inc., a nonprofit community development loan fund operating in Georgia.

by Courtney Dufries

Would you lend money to a three-year-old nonprofit organization that has a negative net worth, reports a history of net losses, has limited management depth, and can not assure you of a positive cash flow during the requested loan term? If you are a traditional lender, you probably would not. However, some community development loan funds have been established to specialize in looking beyond these deficiencies to measure the community benefit and if possible, find a way to make the loan safely.

For example, if the project were to finance the purchase of a building for transitional housing for homeless families, to construct a low-cost home for a low-income family, to purchase and rehabilitate a home for people who suffer from AIDS, or to provide working capital to a minority business operating in a distressed commercial district, a community development loan fund might work with the applicant to strengthen the organization, improve its cash flow, eliminate its negative net worth, and find a way to finance the project. Community Development Loan Funds (CDLFs) fill financing gaps and provide technical assistance where conventional lenders are unable to meet local, socially conscious credit needs.

Many CDLFs are members of the National Association of Community Development Loan Funds, an umbrella organization formed in 1985 that provides technical assistance, offers peer group audits, and engages in various advocacy roles. Most CDLFs were established during the 1980s and are very small, having around $1 million in total assets. However, their rapid growth in both number of funds and size of funds has been noteworthy. In 1985, 18 CDLFs with total capital of $28.8 million were members of the national association. As of year-end 1990, the membership rose to 40 CDLFs, many located in the northeastern part of

See CDLFs, page 8

EDUCATION: Key to success

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moderate-income home buyers get into homes they can afford to stay in. When measured by volume production alone—"of approximately 30,000 people who completed the Community Home Buyer's Program, only 800 have obtained loans under this initiative"—the program can appear to be less than a resounding success. However, the very knowledge the Community Home Buyer's course provides is one of the major reasons that not everyone taking the course obtains a mortgage loan under this program.

The program was not intended to be just a high volume loan production program. The course teaches future home owners the many responsibilities of home ownership and helps them make informed decisions.

When designing the course, we recognized that class participants would make different decisions about approaching home ownership based on their individual circumstances. Some participants might realize that they were not ready to buy a home and decide to delay home ownership. They might wish to increase their savings, reduce their debt, or improve

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Community Development Training

The Federal Reserve Bank of Atlanta

In conjunction with

Development Training Institute

is hosting three one-day Community Reinvestment Training Workshops for lenders, compliance officers, and senior bank management. The workshops will be held in Birmingham, Alabama on December 3, Jacksonville, Florida on December 4, and Orlando, Florida on December 5, 1991. Please call Dianne Rawls at 404/589-7307 for registration information.

EDUCATION:

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their credit. Some might find that other financing alternatives meet their individual needs better.

Participants who understand the home buying process are able to use their knowledge to shop around and find the best financing method for their needs, and that's good for the entire industry. Home buyers may look into state housing finance agencies and nonprofit organizations for the best option for them. Others may decide that FHA or VA is a better option for them.

Despite the Community Home Buyer's flexible underwriting guidelines, some future home buyers just are not ready to buy a home. When participants decide that they are not quite ready to buy a home, we view this part of the education process as vital and positive. We would rather see someone delay buying a home for a few months or years than get into a home and later have to default on the mortgage. And so would the borrower and the lender.

There are long-term benefits of the Community Home Buyer's program. In fact, GE Capital Mortgage Insurance has just seen a surge in loan closings under this program. We started this program a little over two years ago, and we have recently seen a 30 percent increase in production in just one month this summer. We attribute this increase in no small part to those people who have waited to increase their savings or clean up their debt and who are now ready to buy a home.

To adapt to the different needs of lenders and future home buyers, GE Capital Mortgage Insurance recently developed a condensed version of our regular home buyer education course and a self study version of the program. These courses still offer vital information about the home buying process, but in a more condensed format for participants who may not need as much information, or for participants who do not have time for a more in-depth course. The original course is still available. In addition, we have expanded the program to include options that allow for renovation/rehabilitation financing and for a down payment with as low as 3 percent of the borrower's own funds, provided certain other criteria are met.

There is not a "quick fix" for the nationwide problem of affordable housing. Rather, communities should look for long-term solutions like the Community Home Buyer's Program. The benefit of home buyer education to our communities is clear. As more and more home buyers understand the home buying process and the responsibilities of home ownership, our communities will become stronger, and everyone wins.

Stephen Quagliana is GE Capital Mortgage Insurance Company's Vice President of Strategic Business Development for the Southeast region. He is responsible for introducing and implementing affordable housing programs like the Community Home Buyer's Program.

SOUNDBITES

Manatee County bankers kick off new program

The Manatee Bankers For Affordable Housing, Inc., a $10 million loan consortium developed by thirteen banks in Manatee County, Florida (in the Bradenton area) should help low- and moderate-income households afford homeownership. According to Lloyd Geiger, SVP with The Bank of Bradenton and president of the consortium, the initiative targets families that earn less than $33,120 a year and requires applicants to complete an intensive four-hour class that costs $10. After completing the class, the fee is returned to the graduate. Applicants can call a "hotline" monitored by a county agency to be referred to one of the participating banks. Each bank is responsible for approving the loans, which will be sold to Fannie Mae.

HOUSING BIAS CONCLUDED: According to a government-financed study, blacks and Hispanics experience discrimination at least half the time when seeking to buy or rent a home. Its findings are based on 3,800 fair housing audits (paired tests) conducted in 1989. The report recommends caution in the degree to which its conclusions are extended to the housing market at large, since the real estate and rental agents assessed by the audit were drawn from newspaper advertisements and may not be representative of the general housing market. *Copies of the study are available from HUD User, P.O. Box 280, Germantown, Maryland 20874-0280, 1-800-245-2691.*

MICRO-ENTERPRISE LENDING: Companies that lend to low-income earners to start businesses are forming the Association for Enterprise Opportunity (AEO). AEO will confront and change policy barriers that hinder many low-income people from starting their own businesses, and plans to act as a resource for developing micro-enterprise lenders. A new Senate bill would make it easier for states to change their rules so that welfare recipients could receive loans without losing their benefits. The SBA would make loans of $10M or less to nonprofit organizations that would lend to individuals.

$91 Million earmarked for housing pool

by Clifford Hardy

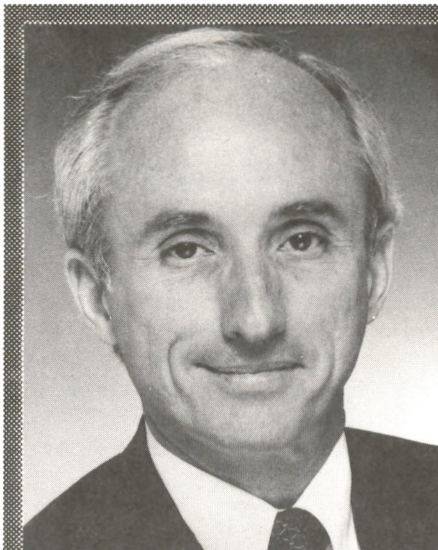
First Housing Development Corporation of Florida has recently formed a $90.7 million lending pool to provide first mortgage financing in Florida for new construction or rehabilitation of multi-family rental housing for low- and moderate-income families and individuals. Eleven financial institutions have committed resources for the loans.

The loans will be available to nonprofit and for-profit developers who are using local, state, or federal affordable housing initiatives or a combination of these initiatives to create affordable rents for low- and moderate-income people.

Loan terms will be 5, 7, and 15 years. However, only those projects using Low-Income Housing Tax Credits are eligible for the 15-year term. The underwriting standards approved by the participating financial institutions follow the requirements of the secondary market so that they can be sold to major investors.

"This lending pool is in response to the need for low-to-moderate income housing financing not presently being met by either the public or private sector," says Allen L. Lastinger, Jr., President and Chief Operating Officer for Barnett Banks, Inc. Barnett and the other participating institutions see this as one way to help our communities in Florida."

At a breakfast meeting hosted by Robert P. Forrestal, president of the Atlanta Federal Reserve Bank, to discuss First Housing's initiative, Mr. Forrestal endorsed the public/private partnership concept. He said, "The need for coordinated public and private involvement to address affordable housing and other needs is evident everywhere. Scarce public resources must be leveraged with private funds in ways that are creative and effective."



"...not only recognizing that [affordable housing] need, but doing something about it."

Participating Lenders

Barnett Banks	$26,700,000
First Union National Bank of Florida	$16,000,000
Sun Banks, Inc.	$15,000,000
NCNB National Bank of Florida	$ 8,850,000
Great Western Bank F.S.B.	$ 8,000,000
Citizens & Southern National Bank of Florida	$ 5,660,000
Citibank	$ 5,000,000
California Federal Savings Bank, FSB	$ 2,000,000
The First, F.A.	$ 1,500,000
Jefferson National Bank of Miami Beach	$ 1,000,000
SafraBank, N.A.	$ 1,000,000

State Comptroller Gerald Lewis has also endorsed the effort, saying, "There's a great need in Florida for low-income housing, and the financial institutions participating in the First Housing Development Corporation should be commended for not only recognizing that need, but doing something about it."

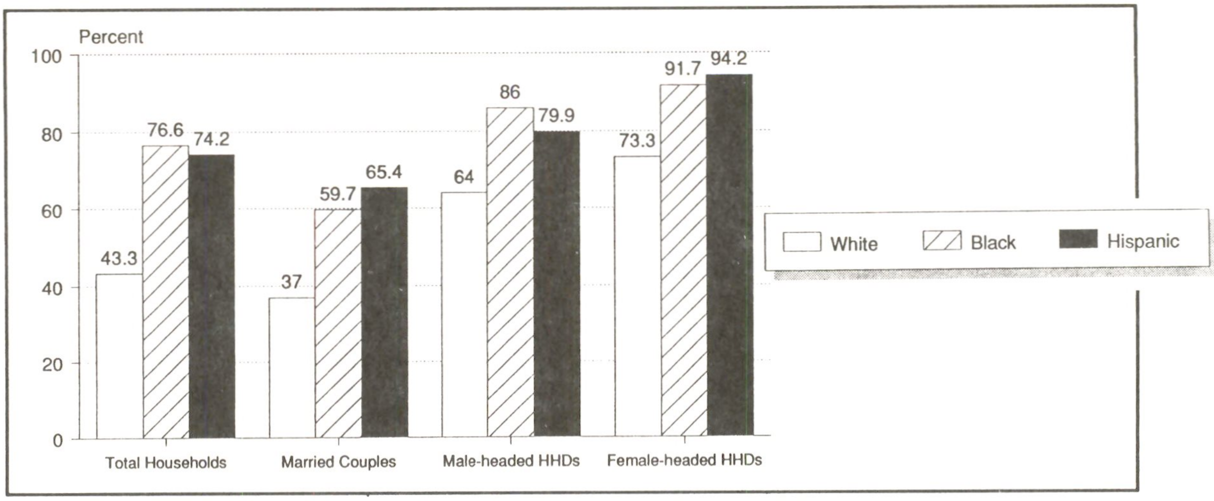
First Housing Development Corporation of Florida is a quasi-public, full-service mortgage banking firm, created in 1978 under Florida Statute 420.101. One of the Corporation's primary objectives is to raise funds from its stockholder financial institutions to finance low- and moderate-income housing for Florida citizens.

In addition to the directors who represent the 18 stockholders, First Housing has an advisory board of representatives from the Florida Senate, the Florida House of Representatives, the Florida Department of Banking, the Insurance Commissioner's office, and the Department of Community Affairs.

Clifford Hardy is president of First Housing Development Corporation of Florida, Tampa, Florida. Inquiries about this initiative should be directed to him at (813) 289-9410.

Households Unable To Purchase a Median-Priced Home: 1988

(Using conventional, fixed-rate, 30-year financing)



Source: U.S. Dept. of Commerce

EQUAL: The influence of wealth

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younger householders have less wealth than older householders.

Second, 60 percent of white households are married-couples compared with 35 percent of black households. The median net worth of married-couple households was $57,134 versus $13,571 for female-maintained households and $13,053 for male-maintained households.

In addition, an overwhelming percentage of middle-class, black families are first-generation middle class because of historical circumstances and therefore have not had time to amass comparable assets through their own efforts or through inheritance.

Regardless of race, lower wealth and first-generation middle-class status place one at a decided disadvantage in being able to purchase a home. Although monthly cash flow may seem adequate, little cash savings may be available for a down payment and the other up-front costs of buying a home. Lack of down payment is one of the most frequently cited reasons that people are unable to finance a home purchase.

One might also expect that consumption needs and resulting spending patterns would be decidedly different than those more firmly established in the middle class. Use of credit due to less savings or wealth may be higher resulting in an inability to meet the applicable debt-to-income qualification guidelines. When use of credit is more prevalent, credit problems might also be more prevalent, which would suggest more loan denials because of adverse credit history. Bad credit is also frequently cited as an impediment to financing a home.

Based on these observations, there are good reasons to believe that the mortgage loan disparities are rooted in fundamental economic circumstances that cannot be easily changed. Unfortunately, this prospect has not been adequately explored because of the difficulty of compiling specific data on individual applicants and because of the focus on differential treatment as the primary cause of the differences in application denial rates.

The distinction between differential treatment and disparate impact is an important one. Although differential treatment is expressly illegal, disparate impact may not be since the law recognizes certain business reasons as valid defenses to charges of discrimination based on disparate impact. Moreover, although eliminating all differential treatment is a desirable goal, the economic factors provide little indication that equal treatment can eliminate the lending disparities. Yet, the emphasis on differential treatment seems to be undermining efforts to discuss the issues that must be addressed in order to minimize the more obvious disparate impact problem.

In the final analysis, the extent to which differential treatment is causing the lending disparities is likely to be argued for a long time to come due to the absence of conclusive evidence that is publicly available. However, the existence of disparate impact seems readily apparent. The problem is that the underwriting criteria that many community organizations see as oppressive are considered by the mortgage lending industry to be necessary predictors of repayment capacity.

All of the issues pertaining to the underwriting criteria are complex, but perhaps the most troublesome are credit history and high consumer debt. Many lenders are considering alternative measures to use when applicants have not established a repayment record. However, judging from the loan files we have reviewed, more often, the problem is not the absence of a credit record but a very bad repayment history. Often, consumer debt is high in relation to income and thus diminishes the applicant's home loan capacity.

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OPINION

Consumer Credit Counseling Services

Helping banks to curb losses while supporting CRA

by Lawrence Winthrop
President, Consumer Credit Counseling Service of Oregon

Now bankers can take advantage of a resource present in most communities that give them a happy combination of enhancing the "safety and soundness" of their consumer debt portfolio and at the same time showing their adherence to the spirit of CRA.

This resource is the non-profit Consumer Credit Counseling Service (CCCS). Most banks are aware of the existence of CCCS in their community. But there is evidence that those responsible for collecting on delinquent bank cards and consumer loans are not taking full advantage of this tool. The fact is, the use of a CCCS can help a bank's debt-troubled customers and at the same time reduce losses.

Many industry analysts are forecasting a 14% increase in personal bankruptcies in 1991 on top of double-digit filings over the past few years. CCCS considers their services a viable alternative to bankruptcy and can be a major factor in holding down these losses. When the Portland, Oregon CCCS opened in 1967, it kept records of Chapter 7 filings for two years; it found a 29% drop in new filings over this period. Common sense and several academic studies have proven that where a CCCS alternative exists in the community, fewer bankruptcies are filed.

Many major banks and retailers have confirmed the value of CCCS by adopting a policy of not charging interest on accounts paid through CCCS in the spirit of helping customers whose incomes are insufficient to pay all creditors properly. But it is also a hard-headed business decision. Not only do creditors retain the goodwill of customers to whom they might wish to offer services in the future, but they have determined that interest income lost on CCCS accounts is less than the total loss to bankruptcy.

Most CCCS agencies counsel for free. Operating funds come primarily from the creditor community in the form of voluntary contributions as a percentage of payments received. Clients are asked to make small monthly contributions, but only if affordable under a debt management plan. Each agency has its own board of directors composed of civic and industry leaders. Although local banking institutions support these agencies, as evidenced by their participation on these boards, greater awareness is needed on the part of the institutions' collection departments about the advantages of CCCS in curbing losses and helping lower-income customers cope with debt problems.

For the location of CCCS offices in your area call

1-800-388-CCCS.

For more information, or to obtain a copy of the national CCCS directory, write to National Foundation for Consumer Credit, 8701 Georgia Avenue, Silver Spring, Maryland 20910.

CDLFs: Socially responsible

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the country, and capital rose to $73 million.

CDLFs receive most of their funding from "socially responsible" individual investors, religious organizations, and foundations. Investors generally receive below market interest rates on their investment with a CDLF: the weighted average cost of funds was 3.6 percent as of December 1990. This low cost of funds compares favorably to small (less than $25 million in assets) commercial banks, which paid an average of 5.81 percent in interest expense as of December 1990. In addition, all but one of the 40 national association members operate as non-profit corporations, thus entitling them to receive tax-exempt donations from individuals and others. This lower cost of funds can be passed on to borrowers or used to provide much needed technical assistance at reduced or no charge.

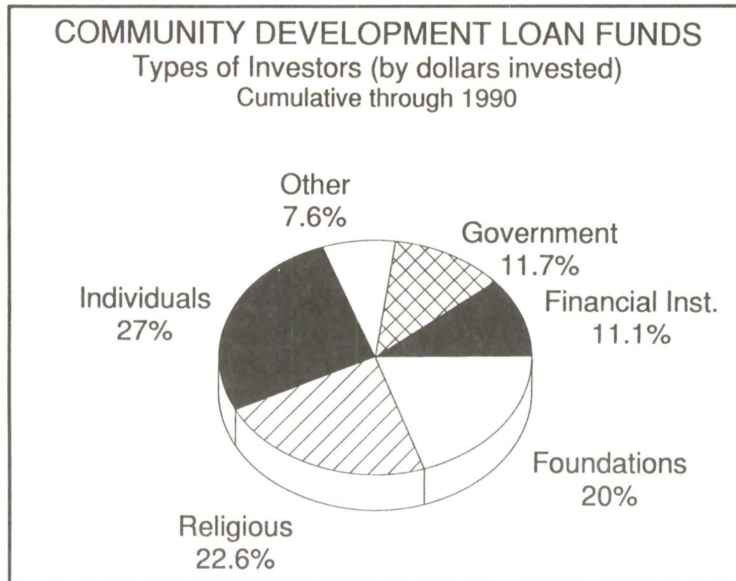
Generally, a CDLF mission statement differs significantly from conventional lenders. According to the national association, CDLFs "share a belief that chief among the roots of poverty is the lack of ownership" which is needed to allow "individuals to control their destinies and communities to build economic security." This philosophy is the common ground that encourages investors to make unsecured investments in a CDLF and is essential to the borrowers who seek these loans.

Besides the lower costs of funds and shared philosophy, CDLFs are different from conventional lenders because CDLFs can make the small dollar loans that others find unprofitable. CDLFs can also provide the technical assistance that conventional lenders find too labor intensive or in which they lack expertise.

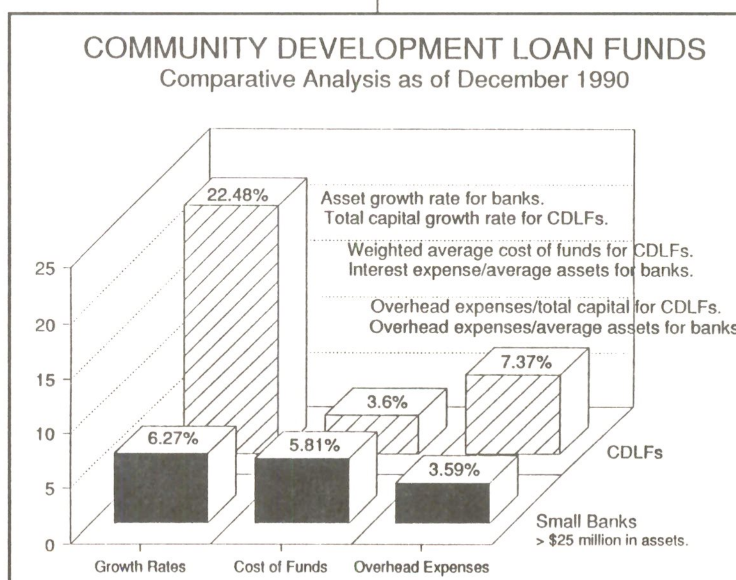
The boards of directors of CDLFs are typically socially responsible investors, neighborhood and community leaders who represent borrowers, and technical experts. These volunteers work to educate each other about the community credit needs and ways to meet those needs. Because CDLFs can offer more flexible underwriting terms than conventional lenders, they frequently assist borrowers in building their own capacity and eventually qualifying for conventional loans.

Technical assistance is labor intensive, and CDLFs are typically small in size and in staffing. (The average fund has 2.9 full-time employees.) As a result, a CDLF may take longer to fund loans, and overhead expenses are higher than for conventional lenders. Overhead expenses as a percentage of total capital (average assets are not available but are not believed to be substantially more than total capital) measured 7.37 percent as of year-end 1990. A similar ratio used by small banks measures overhead expenses as a percentage of average assets and equalled 3.59 percent during the same period. High

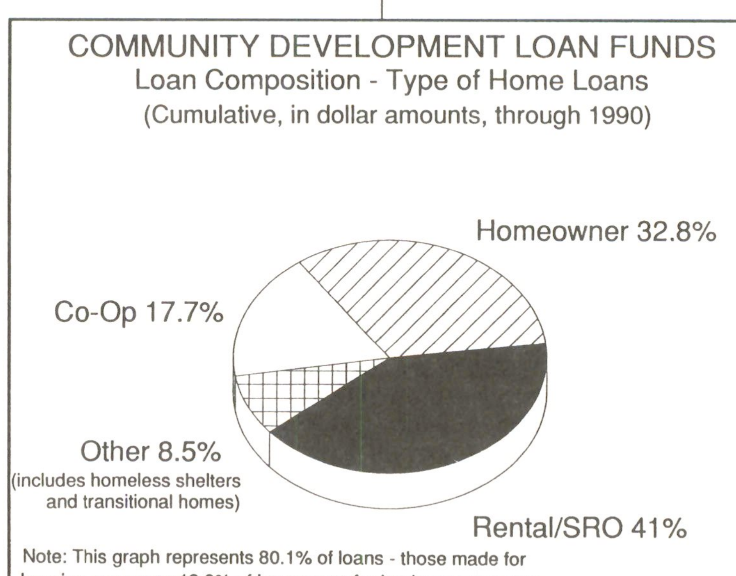
See CDLF, page 9



Source: National Association of CDLFs



Source: FRB Atlanta - Community Affairs



Source: National Association of CDLFs

Community development loan funds

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overhead expenses are attributed to the small size of the funds and the high level of technical assistance required before the loans are closed.

CDLFs are often used to leverage bank money. For example, banks are used to make a conventional mortgage, and CDLFs fund a portion of the loan at a reduced rate and take a subordinate position. Frequently, CDLFs provide low-cost construction financing based on a permanent mortgage take-out commitment from a conventional lender. This arrangement is particularly effective with new nonprofit developers who may lack a track record with conventional lenders. Some CDLFs provide business loans in addition to housing loans. (See loan composition pie chart.)

According to Jonathan Jones, executive director of Southeastern Reinvestment Ventures, a CDLF operating in Atlanta, "the need for such partnerships is clearly evident. Our role is to help establish these partnerships between conventional lenders, nonprofit organizations, government agencies, and low-income communities. We serve as a catalyst by showing conventional lenders the benefits and success of this type of lending."

Jonathan Jones
SERV, Inc.

"Our role [CDLFs] is to help establish partnerships between conventional lenders, nonprofits, govermnment, and communities."

CDLF loans perform less favorably than conventional loans; however, loan losses have been minimal. For the five-year period that ended year-end 1990, total loan losses from members of the national association measured 1.3 percent of total loans. A similar ratio for banks, net losses as a percentage of average total loans and leases, measured .35 percent as of year-end 1990.

However, CDLFs typically have a high level of loan loss reserves (9.9 percent of loans among all loan funds) and have rarely lost any unsecured investor funds ($20,480 among all loan funds in a five-year period). Total loans past due 30 days or more are high and measured 8.2 percent of total loans as of year-end 1990. Although delinquencies are high, the benefit of strong technical assistance is evident in the low level of losses.

CDLFs are relatively new in the financial services industry. Their long-term viability and success remain to be seen. However, they bring to their communities a social awareness and low-cost loan product that has typically been unavailable before. For their investors, success is measured as much in terms of low-income communities served as in financial terms.

EQUAL

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In such cases, credit counseling becomes an imperative in order to clean up the credit record and establish the applicant on a more sound economic footing. Readying the applicant for homeownership may take considerable time.

Dealing with the disparate impact issue is often complicated, requiring collaborative efforts and considerable initiative and creativity by all parties concerned. Some relaxation of the qualification guidelines may be necessary and desirable. But how much makes sense? More evidence is needed from both sides of the argument. However, whether the standards can be loosened or not, one should not lose sight of the fact that even if the underwriting criteria can be changed, the disparities will probably not disappear. If whites are better positioned to qualify under the current standards, would they not be even better positioned under more relaxed standards?

Ironically, when underwriting standards are liberalized, applicants who otherwise would not have applied for a home loan may be encouraged to apply under the less restrictive criteria and yet still may not be able to qualify. Therefore, the denial rate for special programs may actually be higher than for more conventional programs. For example, the initial phase of the Atlanta Mortgage Consortium, one of the most flexible programs in the country, had a much higher denial rate than the more traditional home purchase loan programs in the Atlanta MSA. Thus, the lender seeking to be proactive may have a higher than average denial rate and appear to be more selective than other lenders.

Throughout the nation, many experimental home loan programs featuring relaxed underwriting criteria are being implemented. In time, the results achieved by these programs should help establish reasonable parameters for the lending

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New equity fund taking shape

by Cynthia Goodwin

A new source of equity for the development of low-cost rental units in Florida is receiving much needed support. Financial institutions were presented an opportunity to learn more about this initiative at a luncheon hosted in Miami by Ronald Zimmerman, Vice President of the Federal Reserve Bank of Atlanta. First Union National Bank of Florida led with a pledge of $1 million to the Florida Housing Equity Fund.

"It's not a charitable contribution; investors get a good return for their investment," said Robert Pollack, Executive Director of Greater Miami Neighborhoods, Inc., creator of the Fund.

The Fund hopes to raise $6 million before the end of 1991, with $4 million from local corporations. Another $2 million will be raised by the Enterprise Social Investment Corporation (ESIC), co-founder of the Fund.

ESIC is a wholly-owned, for-profit subsidiary of the Enterprise Foundation. ESIC has raised more than $200 million in equity which has been invested throughout America and is also directly developing more than 1,000 units of housing in Maryland.

According to Mark Sissman, President of ESIC, "Tax credits and other tax savings alone are expected to generate after-tax returns in excess of 15%."

The fund seeks private corporations to invest in properties managed by nonprofit agencies. *For additional information, contact Robert Pollack or Gus Dominguez at (305) 374-5503 or 5504.*

Equal

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criteria. However, it is already apparent that the denial rates for blacks and other minorities often remain high even under these special programs.

More and more it seems that total elimination of the mortgage loan disparities may be an unrealistic measure of the appropriateness of the lending standards. Such is the nature of the problem. It is a tough problem indeed when even having equal income is not enough.

(Cynthia Goodwin also contributed to this article.)

DATA REQUEST

If your organization has developed or underwritten a loan program with criteria substantially different from conventional loan terms we would be very interested in hearing about the success of the product. Please write to:
Ronald Zimmerman
Vice President
Federal Reserve Bank of Atlanta
104 Marietta St., N.W.
Atlanta, Georgia 30303-2713

ECONOMIC IMPACT

The World Series' total economic impact on Atlanta could be as high as $25 million.

Congratulations, Braves!

Home Mortgage Disclosure Act Data

The following 1990 HMDA data was made available to the public on October 21, 1991:

- Disclosure statements for individual lenders subject to HMDA will be available at the lenders' home offices. Statements for each additional MSA in which they have branches will be available at one branch office in those MSAs.
- Aggregate statements of data for all lenders within an MSA plus copies of the disclosure statements for individual lenders in the MSA will be available at the MSA central depository.
- The Federal Financial Institutions Examination Council (FFIEC) will make available to the public the print-image tapes of the individual statements for the entire country and print-image tapes of the aggregate data. Copies will also be available in hardcopy. Call Dianne Rawls at (404) 589-7307 for an order form and price list.
- Public file tapes of micro data (the HMDA-LAR in edited form) will be available from the FFIEC for a fee.

READING FILE

- ☐ William O'Hare, Kelvin Pollard, Taynia Mann, and Mary Kent, *African Americans in the 1990s*, Population Bulletin, Volume 46, No. 1 (Washington, D.C.: Population Reference Bureau, Inc., July 1991)

- ☐ Judy Stevens and Kathryn Tholin, *Lenders of First Resort: Community Development Loan Funds*, Woodstock Institute, August 1991. Copies are available from Woodstock Institute, 407 S. Dearborn, Suite 550, Chicago, IL 60605.

- ☐ Glenn Canner and Delores Smith, *Home Mortgage Disclosure Act: Expanded Data on Residential Lending*, Federal Reserve Bulletin, November 1991.

- ☐ Peter Fronczek and Howard Savage, *Who Can Afford to Buy a House?*, Current Housing Reports H121/91-1, U.S. Department of Commerce, Bureau of the Census, May 1991.

- ☐ William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*, The University of Chicago Press, 1987

- ☐ Bart Landry, *The New Black Middle Class*, University of California Press, 1987

- ☐ *Business Opportunities Casebook* is an effort to assist rural communities in their economic development efforts. For a copy contact U.S. Small Business Administration, Rural Development, Business Development Division, 999 18th Street, Suite 701, Denver, Colorado 80202.

- ☐ *The Secondary Market and Community Lending Through Lenders' Eyes*, prepared for Freddie Mac, this report addresses public concern that lenders have been underserving the credit needs of certain communities (1991). Call Angie Grantman (703) 903-2363.

- ☐ *A Guide to Business Credit for Women, Minorities, and Small Businesses* explains the credit application process, types of loans, and relevant regulations. Board of Governors.

- ☐ *Community Affairs Officers at Federal Reserve Banks* outlines the Community Affairs Officer's role, duties, and responsibilities, particularly those responsibilities related to the Community Reinvestment Act. Federal Reserve Bank of Richmond.

- ☐ *Home Mortgages: Understanding the Process and Your Rights* details where and how to shop for a mortgage and explains the credit analysis process. Board of Governors.

- ☐ *How to Establish and Use Credit* discusses how to qualify for credit and use it wisely. Federal Reserve Bank of Philadelphia.

- ☐ *Is My Bank Meeting Its Community Reinvestment Obligations?* explains the requirements of the CRA and the examination process. Federal Reserve Bank of Atlanta.

- ☐ *Lessons Learned from the Atlanta Mortgage Consortium* by Ronald Zimmerman analyzes that organization's loan portfolio after one year in operation. Federal Reserve Bank of Atlanta.

- ☐ *Mid-Atlantic Conference on the Community Reinvestment Act and Community Development Corporations* is an enlightening transcript of a conference on the subject. Federal Reserve Bank of Richmond.

- ☐ *Public/Private Partnership Model for Home Mortgage Lending* by Ronald Zimmerman is a Lotus-based, interactive computer model that enables the user to specify program underwriting criteria to determine a borrower's or a program's potential. Federal Reserve Bank of Atlanta.

Copies of materials produced by the Federal Reserve System can be obtained by writing or calling the Community Affairs section at the Federal Reserve Bank of Atlanta at (404) 589-7307.

CALENDAR

Please notify **Partners** *if your organization would like to publicize an upcoming conference. The editor also welcomes information about community and economic development efforts in your community.*

November

National Council for Urban Economic Development, November 14-15, Orlando, FL, *Marketing for Economic Development in the 90s.* Contact (202) 223-4735.

Association of Local Housing Finance Agencies, November 14-16, Chicago, IL, *1991 Fall Educational Conference.* Contact (202) 429-5118.

Tennessee Housing Development Agency, November 18-20, Nashville, TN, *Housing Tennessee: Commitment, Leadership & Action.* Contact Deborah Shearon at (615) 741-2472.

The Enterprise Foundation, Housing and Development Reporter, and The Institute for Professional and Executive Development, Inc., November 21-22, Washington, D.C., *Rethinking Non-Profit Housing Production: Opportunities and Programs for the National Affordable Housing Act Decade.* Contact IPED at (202) 331-9230.

December

Federal Reserve Bank of Atlanta and Development Training Institute, December 3, Birmingham, AL, *Community Reinvestment Training Workshop.* Contact Dianne Rawls at (404) 589-7307.

Council For Rural Housing and Development, December 3, Rosemont, IL, *The Low-Income Housing Tax Credit: Developing and Managing Section 515 Housing.* Contact (202) 955-9715.

Federal Reserve Bank of Atlanta and Development Training Institute, December 4, Jacksonville, FL, *Community Reinvestment Training Workshop.* Contact Dianne Rawls at (404) 589-7307.

Housing & Development Reporter, December 5, Washington, D.C., *Housing Tax Credits: Sophisticated Issues for Lawyers and Accountants.* Contact (202) 331-9230.

Federal Reserve Bank of Atlanta and Development Training Institute, December 5, Orlando, FL, *Community Reinvestment Training Workshop.* Contact Dianne Rawls at (404) 589-7307.

Housing Assistance Council, December 10-12, Arlington, VA, *1991 National Rural Housing Conference "...And Miles To Go".* Contact (202) 842-8600.

DID YOU KNOW?

The collection of 1990 HMDA data was the largest data collection effort by the Federal Reserve System. Information about 6.4 million transactions was processed from 9,300 reporting institutions. More than 23,000 MSA reports were produced.

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