

From: South Shore Chamber of Commerce Inc., Arnold Giles
Subject: CRA Regulations Hearings

Comments:

Date: Aug 06, 2010

Proposal: Community Reinvestment Act Regulation Hearings
Document ID: R-1386
Document Version: 1
Release Date: 06/17/2010
Name: Arnold Giles
Affiliation: South Shore Chamber of Commerce Inc.
Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

Testimony of Arnold Giles South Shore Chamber Member And Representative Before Federal Deposit Insurance Corporation Community Reinvestment Act Proposed Changes RIN #3064-AD60 Thursday, August 12, 2010 Good Morning, I am Arnold Giles, member and representative for the South Shore Chamber Inc. The South Shore Chamber Inc. was established in 1998 as a not-for-profit organization with a goal to promote partnerships for commerce and economic development in the South Shore Community to strengthen the infrastructure of commerce with available resources from civic, county, city, state and federal participation to build the Southside of Chicago commercial corridors. The CRA was to be instrumental in implementing our goals however little support has been given in sustaining the area businesses or ensuring sustainability. The Community Reinvestment Act (CRA) was designed to promote care and sustainability in lending. The law requires safe and sound lending, and would have been a preventative cure to the foreclosure crisis had it covered a broader range of institutions. Research conducted by Federal Reserve economists documents that home loans made by banks in their CRA assessment areas are about half as likely to end up in foreclosure as loans issued by independent mortgage companies. In addition, CRA small business and community development lending exceeded \$1 trillion for America's neighborhoods from 1996 through 2008. In reality the fruits of this investment formula have not benefitted The Black Community. The evidence is seen in lending, borrowing and contracting opportunities or lack thereof. As an example our businesses and/or individuals we are seen as high risk lending in today's banking environments. We are most successful in receiving loans when loans are clearly not necessary or loans are over collateralized. In this post bailout economy it has become increasingly difficult for small black businesses to find lending institutions that have not tightened (highly subjective) lending requirements, literally are "strangling" African American and/ or small businesses or causing their collapse or

failure. When the Bailout of big banks was performed, legislation should have included "Bailout" procedures for African American and/ or small minority businesses with the same "Bailout" procedures developed for other mid size businesses that needed to be retained in this country through tax incentives , rebates or other resourceful means that will ensure they are not overlooked in the rescue plan for all Americans. We must establish a methodology in which credit is extended to a more diverse segment of the African American Community through a broader reporting system, i.e. one that charts both type and ethnicity of a particular loan. Though appropriate tracking by documentation , the hope is African Americans will no longer have to receive continued high cost with risky lending practices in our communities. The predatory practices will be immediately identified and addressed by the oversight agencies that would be in charge of the Office of Minority and Women Inclusion under the 12 Regional Federal Banks that is being suggested under subtitle 1, section 101, of the House Financial Reform Bill. Community Development as it is today due to mortgage foreclosures has caused turmoil in the stability of our housing market from housing to retail..for example as identified on the internet with past treasury officer(s) (FDIC) creating lending institutions for themselves to purchase blocks of discounted loans; completing short selling action(s) for those blocks of properties and receiving guarantees from our government for the full price value of the properties (i.e. not the discounted purchase price of the properties). We as tax payers pay the cost or absorb the loss of this type of insider transaction procedure developed by those who were entrusted by our government on behalf of it citizenry. That is a problem as it relates to community development with people who are the true stakeholders in the community in which they serve. This reverts back to lending and borrowing from our lending institutions and African Americans being stereotyped as to high risk for lending purposes. Our recommendation to prevent such actions and resolving some of these insider dealings is to support Subtitle I, Section 1801 that proposes the creation of a Diversity Czar Cabinet position. This cabinet position is responsible for the evaluation and monitoring to implement the inclusion of minorities (blacks) and women, not only in the twelve (12) Federal Reserve Banks, but throughout government. This cabinet position should have the same influence/attributes of the other cabinet officers in the execution of its duties for inclusion of all of the people it is meant to serve.