

**SEIU Testimony on Community Reinvestment Act**  
**August 12, 2010**  
**Chicago, IL**

Good afternoon. I am Jeremy Smith, Deputy Director of Government Relations for the Service Employees International Union, SEIU. I am here today on behalf of the 2.2 million janitors, nurses, home care providers, childcare givers, security officers and public servants that SEIU represents across the country many of whom have suffered greatly as a result of the financial crisis. These same members live in communities where the Community Reinvestment Act has played an essential role in economic growth and development for decades. We are grateful for this opportunity to testify, as we believe a modernized, fairly applied and strictly enforced CRA can help repair neighborhoods devastated by foreclosures, support quality job growth and aid our nation's economic recovery.

CRA has an impressive record of improving access to fair and affordable financing credit in the communities in which it is enforced. But we urge you to modernize the regulations so that all working families are able to benefit from its provisions. First, the millions of Americans who live in markets served by bank owned mortgage companies, investment banks, credit card divisions, or online products deserve the same protections as those in places served by branch locations. The banking industry has changed dramatically, and banks should be required to meet CRA's affirmative obligation wherever they or their affiliates do business, not just where they capture deposits or maintain a headquarters. Second, the financial crisis demonstrated what we have known for some time – that predatory lending based on race is real, and that it has disastrous consequences. We recommend that regulations should be modified to

formally include a review to ensure that banks are not excluding racially diverse or minority areas so that people of all ethnicities and backgrounds have access to safe financial products and services.

SEIU also views CRA as a powerful tool for creating and sustaining broadly shared economic growth. To maintain this role, the CRA regulatory framework should guide bank activity in emerging markets and explicitly emphasize bank initiatives that have a substantial economic impact. To this end, we support the proposal to subject large institutions to a community development test. These banks should continue to receive credit for routine activities under the lending and investments tests, but they should also be evaluated on their ability to offer differentiated products and services – often in partnership with community-based partners like local neighborhood groups and Community Development Financial Institutions – in markets that remain underserved.

We also recommend that a more rigorous review of the quality and impact of small business and community development lending be included in bank assessments. While commercial lending products are more varied than those for home mortgages, basic data on the type of credit extended and the quality of jobs created could significantly improve reviewers' evaluations of bank activity.

Finally, revising the CRA regulations is key to revitalizing the communities of millions of working Americans who were hit hardest by the economic crisis. We must ensure that the families and neighborhoods that lost so much hard-earned wealth are a target for the kinds of reinvestment that will rebuild local economies. Thank you for your time and attention to these important issues. We look forward to working with you throughout this process.