Members of the California Reinvestment Coalition (CRC)
Meeting at the Federal Reserve Board on March 13, 2008
Docket No. R-1305

On March 13, 2008 representatives from several organizations that are members of the California Reinvestment Coalition (CRC) met with Governor Kroszner and members of the Board's staff. Also in attendance were Alan Fisher, Executive Director, and Kevin Stein, Associate Director of the CRC. Sandra Braunstein, Director of the Board's Division of Consumer and Community Affairs and James Michaels, Assistant Director also attended. The CRC representatives discussed the following:

1. CRC members described CRC's recent report, which is based on an analysis of Home Mortgage Disclosure Act data, finding that minority neighborhoods were targeted with high-risk loans by subprime lenders that have now gone out of business.

2. CRC members addressed the pending application by Bank of America Corporation for approval to acquire Countrywide Financial Corporation. They expressed their view that there is a need for the Board to hold a public hearing on the application. They also expressed concern about mortgage loans made by Countrywide that will end in foreclosure and stated that the acquisition should not be approved before Bank of America establishes a workout plan and clearly defines the specific terms for workouts.

3. They noted that there had been a significant number of mortgage loans made in the San Jose area where consumers who did not understand English were tricked into taking loans they did not understand because all the loan documents were in English and were not translated for the borrowers. They supported the Board's recent proposal under the Truth in Lending Act and Home Ownership and Equity Protection Act (HOEPA) to address problems with advertisements that promote key loan terms in a language other than English while providing required disclosures in English.

4. Regarding the recent proposal under HOEPA, they also addressed the prohibition on engaging in a pattern or practice of making higher-priced loans without regard to consumers' ability to afford the scheduled loan payments. They opposed the "pattern or practice" requirement, and opined that consumers would not come forward to enforce the rule because of the perceived difficulty in establishing a "pattern or practice."