

Statement by Bobbi Ball

I am Bobbi Ball, Executive Director of Partners in Community Building. Partners in Community Building is a community non-profit dedicated to providing and fostering safe, sanitary and affordable housing to low to moderate income individuals, families, and seniors, as well as related community focused financial, education and human services information.

I applaud the intentions to improve CRA. However, I believe regulatory action alone is not sufficient. Congress needs to apply CRA broadly throughout the financial industry in order to maximize safe and sound lending and investment in communities.

Meaningful reforms to CRA will promote economic recovery through sustainable and responsible lending. We need responsible mortgage lending to revitalize neighborhoods hit hard by foreclosures and sustainable small business lending to encourage badly-needed job creation.

CRA requires safe and sound lending. If they were covered by CRA, many of the mortgage companies without CRA obligations likely would not have made the bad loans that resulted in the foreclosure crisis—loans that required no documentation, or did not consider a borrower's ability to repay. CRA should consider how independent mortgage companies, credit unions, and other financial institutions serve the needs of their communities, not just banks.

A large body of research concludes that minorities received more high-cost and risky lending than was justified based on their creditworthiness. If CRA considered lending and services to minorities, racial disparities in lending would be greatly reduced.

As beneficial as CRA has been, these reforms must be implemented in order for CRA to realize its full potential.