

Community Reinvestment Act Joint Public Hearing, August 12, 2010  
Individual Presentation: Karen Harris

[Applause]

Karen Harris:

Hi my name is Karen Harris and I'm with the Sergeant Shriver's National Center on Poverty Law, which is a law and policy advocacy group that focuses on ending poverty and social injustice. We applaud your intentions to improve the CRA; however, regulatory action alone is not enough. We therefore encourage Congress to pass the Community Reinvestment Modernization Act of 2009, H.R. 1479 in addition to the Regulatory Reforms discussed at today's hearing.

A more thorough discussion of Shriver's Center's recommendations are contained in the written comments we submitted. However, in general for CRA to realize its full potential the following reforms are needed. Many of these have been discussed already so I will keep it brief and to the point.

Number 1, expand assessment areas and mandatory inclusion of minority and mortgage company affiliates. The definition of assessment area must be expanded to include loans made outside of the currently defined boundaries; and banks must be required to include their non-depository affiliates on CRA exams, in order to ensure that such lending affirmatively responds to credit needs and safe and sound manners.

Number 2, directly examine lending to minorities. Bank lending to minorities must be explicitly reviewed on CRA exams to insure that banks are affirmatively making loans to such populations and not excluding them.

Number 3, revise CRA exam ratings, scoring and waiving. An expanded and comprehensive scoring methodology must be implemented to provide meaningful comparison of banks, CRA activities and great inflation must be addressed.

Number 4, Data collection enhancements. Data collection including information on small dollar lending as an alternative to payday loans and efforts to provide access to affordable financial services for the un- and underbanked must be incorporated into CRA evaluations to ensure that the most vulnerable populations are being reached.

Number 5, small dollar lending an alternative to payday loans are something that should be focused on. The recent Wall Street Reform Legislation included in it a lost reserve fund to encourage the creation of affordable small dollar loans. CR regulations and agency guidance should provide templates for the characteristics for responsible small dollar loan products.

I appreciate the opportunity to comment on the agency's regulations and we all look forward to working with you to develop and improve CRA.