

Community Reinvestment Act Joint Public Hearing, August 12, 2010
Individual Presentations: Jesse Jackson

Jesse Jackson:
Thank you.

[Applause]

My name is Reverend Jesse L. Jackson, Sr. former President of the Rainbow Push Coalition, honored to be involved with this testimony session today. Even as we meet the news today is foreclosure out distancing modifications, Wall Street is rejoicing while community banks are collapsing. The water is still gushing in the hull of the ship while those on the deck as there interest investments are rejoicing. A major bank bailout now to be a predator a huge find in just today's media.

Let's reevaluate the current CRA proposed subtitle one, section 1801 of the House Financial Reform bill addressing the inclusion of minorities and women, diversity in agency work force. There is a lack of African-Americans and other minorities in the twelve regional federal banks. There's proof that African-Americans and Latinos were targeted and steered to sub prime loans, higher priced loans and those for which they weren't qualified, brokers often received kick backs for steering borrowers into high priced loans. These predatory lending practices, not CRA as some have mistakenly argued, are the cause of the high levels of foreclosures and abandonment of whole neighborhoods of homes. Congress needs to apply CRA broadly throughout the financial industry in order to maximize safe and sound lending and investment in communities. CRA should be strengthened, expanded to address all the changes in the financial industry, protect us from another financial meltdown.

Assessment areas of the geographical area on CRA exams must cover the great majority of the bank loans. Currently 25 percent of all home purchased loans are made by banks offered in their assessment areas. People of color receive more high costs and risk in lending than was justified based on their credit worthiness. If CRA considers classifying by lending and service provided to minorities, racial disparities in lending will be reduced. CRA exams must have more ratings in order to provide meaningful distinctions and performance. Over the last several years, 99 percent of banks have passed the CRA exams. Mergers and acquisitions have declined, meaning that additional enforcement mechanisms are needed, their lending and review of CRA exams must be more detailed and must include reviews of safety and soundness of loans. Incentives for superior CRA performance such as eligibility, the more tax credits on new markets, on low income housing tax credit programs could be considered but we must strongly...be strongly opposed to providing exemptions for merger review or less frequent CRA exams for banks with outstanding ratings. Let us increase responsible lending by holding banks publicly accountable.

In order to bolster affordable bank lending and basic services we support enhancements to small business data to include the race and gender of the small business borrower. Census track data on community development lending and investing in bank deposit and consumer lending on a census track level. There's a poorly favorable CRA consideration for investments and multi-regional forms for low income housing tax credits. All CRA-related investments as a way to

serving diverse areas including rural communities. We also believe that the bank must be adequately serving its assessment areas, which have outstanding on their investment test before being allowed to venture outside of their assessment areas. The recent finance reform bill includes a vision to establish an office of minority inclusion in federal agencies. This position is responsible for the evaluation, monitoring and to implement the inclusion of minorities and women. This is [inaudible] is all I have to say, the recent finance reform bill includes a provision to establish an office of minority inclusion in all federal agencies, this position is responsible for the evaluation, monitoring and to implement inclusion of minorities and women not only in the twelve federal banks throughout the government. Additional recommendations which should be considered. We need a czar, somebody who has the power to make it happen, enforce it and fund it. The support of the CRA consideration for financial institutions, investments in the emerging markets for small businesses, to ensure that adequate capital will become available to strong, worthy, small minority and women-owned businesses that have little or no access to much capital that's needed today. It creates the incentive for these institutions to do what they are in business to do. Lastly the czar again will support the creation minority inclusion diversity cabinet position and minority inclusion cabinet position with the same enforcement attributes of the other cabinet members. Federal law requires banking regulators to protect citizens for balance of race, [inaudible] the CRA regulation and enforcing the law will go a long way to play with one set of rules even if applied to all Americans, from native Americans, African-Americans, Latino American, Asian American or European American. If the playing field is even and the rules are public and the goals are clear we all can win. But you see, civil rights law only matters if it has...if it has oversight that's credible, if it has oversight the law is founded and enforced. Thank you very much.