From: Charles Harris [heed@netdoor.com]
Sent: Thursday, July 29, 2010 5:11 PM
To: Comments, Regs
Subject: OTS-2010-0019
Attachments: Testimony before the Joint Public Hearing.doc

Testimony before the Joint Public Hearing on the
Community Reinvestment Act Regulation

Atlanta, Georgia
August 6, 2010

Good afternoon. My name is Charles Harris, President and CEO of Housing Education and Economic Development in Jackson, Mississippi. I am here today representing the National Community Reinvestment Coalition, known as NCRC and I am honored to participate today in this public hearing on the Community Reinvestment Act Regulation.

CRA requires safe and sound lending, and would have been a preventative cure to the foreclosure crisis had it covered a broader range of institutions. As beneficial as the CRA has been, the following reforms must be implemented in order for CRA to realize its full potential:

1. Assessment areas or the geographical areas on CRA exams must cover the great majority of banks' loans. Currently, 25 percent of all home purchase loans are made by banks operating in their assessment areas. Research has shown that bank loans outside assessment areas are more likely to be high-cost than loans in assessment areas and scrutinized by CRA exams.

2. Currently, banks have the option of including their non-depository affiliates on CRA exams; they will opt against inclusion if the affiliates engage in risky lending or discriminatory lending. Banks must be required to include their affiliates on CRA exams.

3. A large body of research concludes the minorities received more high-cost and risky lending than was justified based on their creditworthiness. If CRA considers lending and service to minorities, racial disparities in lending will be reduced.

4. By holding lenders accountable, publicly available data, particularly the Home Mortgage Disclosure Act, has been vital for increasing responsible lending to traditionally underserved borrowers. Applying a similar rationale, the limited CRA small business data must be enhanced to include the race and gender of the small business borrower. In addition, the agencies must require census tract level disclosure of community development loans and investments. Likewise, data on the type of consumer lending by borrower demographics and census tracts can promote access to affordable consumer loans and alternatives to abusive payday loans.

To improve access to credit is to improve the CRA. Thank you.

Charles Harris
(601) 981-1960