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Statement from National Civil Rights, Consumer, Community Development and Housing
Groups Regarding Attacks on the Community Reinvestment Act (CRA)

Washington, DC – The following group of civil rights, consumer, community development, and
housing groups today made the following statement:

Recent conversations pointing to the Community Reinvestment Act as the cause of the
foreclosure crisis and credit market crisis are an attempt to deflect attention away from the real
problem affecting our financial system. That problem is failed regulatory policy and oversight.

For more than a decade, community leaders, civil rights proponents and housing groups have
raised concerns about unfair, deceptive and abusive lending practices that have undermined
homeownership aspirations for millions of working families. Those pleas for better regulatory
policy and oversight not only went ignored, in some cases they were contradicted by regulatory
policy that made predatory lending more virulent and prevalent in low-income neighborhoods
and communities of color.

Over that same period, thousands of pages of local, state and federal testimony, peer reviewed
policy papers and speeches (many from the groups signed onto this statement) have forewarned
of a pending crisis stemming from lax regulatory oversight and enforcement. Yet no serious
federal response was made. As Harvard University law professor Elizabeth Warren has artfully
stated, consumers had better protection buying a toaster or microwave oven than they had when
purchasing the family home.

One example of regulatory failure is that many vital financial institutions – and the products they
created and sold -- were not covered by meaningful regulation. Some market players clearly
knew their actions were creating a potential market crisis. A Securities and Exchange
Commission (SEC) Report recently found that in December of 2006 one analytical manager at a
prominent credit rating agency wrote to another senior analytical manager to say “let’s hope we
are all wealthy and retired by the time this house of cards falters.”

Improved regulation of the financial system – including brokers, lenders, appraisers, rating
agencies and securitizers – was essential. If the Community Reinvestment Act – and other
appropriate regulation -- had been applied to independent mortgage companies and other non-
bank financial institutions, it is likely that our nation would not be confronted with a foreclosure
crisis. Critics of the law conveniently ignore that about 75 percent of sub-prime loans were not
covered by CRA. They also ignore the fact that most reckless and damaging subprime lending
CRA exams provide clear and strong incentives for banks to make safe and sound loans and penalize them for making loans that are unfair and abusive. CRA is an antidote, not a cause of the current crisis.

Signed by:
Accion USA / Chicago / New Jersey / New York
Center for American Progress
Center for Responsible Lending
CDFI Coalition
Consumer Action
Consumer Federation of America
Dēmos: A Network for Ideas & Action
Enterprise Community Partners
Housing Assistance Council
Lawyers' Committee for Civil Rights Under Law
Leadership Conference on Civil Rights
Local Initiatives Support Corporation
NAACP
National Association of Consumer Advocates
National Alliance of Community Economic Development Associations
National Community Reinvestment Coalition (NCRC)
National Consumer Law Center (on behalf of its low income clients)
National Council of La Raza
National Council of Negro Women
National Housing Conference
National Housing Institute
National Low Income Housing Coalition
National NeighborWorks Association
National Policy and Advocacy Council on Homelessness (NPACH)
National Rural Housing Coalition
National Urban League
Opportunity Finance Network
Rainbow PUSH Coalition