



Stand Up for Rural America

Rural Community Developers Network Reporter

October 1, 2008

Stand Up Update

Continuing *Stand Up for Rural America's* series of occasional independent opinions, Sandy Rosenblith, Senior Vice President of Rural LISC, contributes her personal thoughts on why CRA cannot be blamed for the current financial crisis. CRA is being erroneously blamed for the financial system meltdown and sub-prime mortgage crisis. Her opinion does not represent the opinions of *Stand Up for Rural America* or its Steering Committee.

Policy Makers and Pundits In Denial, Mistakenly Blame CRA for Financial System Meltdown. Rather than face facts, a September 22nd opinion piece at *WSJ.com*, the *Wall Street Journal* website, misstates what the Community Reinvestment Act (CRA) requires and mischaracterizes its relationship to the current financial crisis. As a member of the federal agency team drafting the original CRA regulations, I can assure you that CRA does not compel "banks to make loans to poor borrowers who often cannot repay them". Unfortunately, Senator John McCain seems to be flirting with this view. In a *National Review Online* interview back in April 15, 2008, he said: "There were people who predicted that the Community Reinvestment Act might lead to reckless and unsound lending practices Yes, it has to be re-examined, it has to be judged by its effect, and we need to find out how this particular system affected the overall insolvency of the subprime lending issue." To see the interview, go to

<http://article.nationalreview.com/?q=ZjYyZTkwZmMzNDRIM2M3NzJINWJhNWl3OWUxZDIzN2Q=>

In fact, CRA is very clear. It "encourages" regulated financial institutions to help meet community credit needs while explicitly recognizing that the safety and soundness in loans and investments comes first. If CRA were causing the meltdown, why didn't the impact surface until three decades after it took effect? The answer is simple. CRA has

nothing to do with subprime lending, high risk derivatives, bonds, CDOs, ratings, greed or any of the major factors that produced this crisis.

This past March, Janet Yellen, President & CEO of the Federal Reserve Bank of San Francisco, summed up the real story: "There has been a tendency to conflate the current problems in the subprime market with CRA-motivated lending, or with lending to low-income families in general. I believe it is very important to make a distinction between the two. Most of the loans made by depository institutions examined under the CRA have not been higher-priced loans, and studies have shown that the CRA has increased the volume of responsible lending to low- and moderate-income households." <http://www.frbsf.org/news/speeches/2008/0331.html>.

Please let your state and federal legislators, local public officials and media know the crisis has nothing to do with CRA. For more facts and figures, go to <http://www.ncrc.org>.

Sandra Rosenblith
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Policy Update

On Friday, October 03, The U.S. House of Representatives passed the Financial Rescue or "Bailout" Package by a vote of 263-171. The bill provides \$700 billion to rescue financial institutions and shore up the economy. For the details of the bill, go to http://www.nationaljournal.com/congressdaily/cdp_20081003_6411.php.

Funding and Financing Opportunities

The Appalachian Community Fund is offering funding for social change work in the central Appalachian region. Groups can apply for up to \$10,000 to be used for a project that works toward social change. The eligible states include; East Tennessee, Eastern Kentucky, Southwest Virginia, and all of West Virginia. To apply, go to <http://www.appalachiancommunityfund.org/html/seekagrant.html>.

The Foundation Center website provides a list of RFPs that get updated every. Make sure to check back frequently to stay on top of funding opportunities. For more information check out <http://foundationcenter.org/pnd/rfp/>.

Training Events and Conferences

The 12th annual meeting of the Community Food Security Coalition will be held in conjunction with Rutgers University's Food Business Incubator Meeting on October 4-8 in Cherry Hill, NJ. The conference will include several field trips through Philadelphia and southern New Jersey, and the discussion will focus on restoring urban and rural communities with healthy food. For more information, go to www.healthyfoodconference.com.

The 2008 Midwest Conference on Philanthropy, hosted by the Chicago chapter of the Association of Fundraising Professionals, will be held on October 28th at the Sheraton Chicago Hotel and Towers. It is the region's largest event for development professionals. For more information, go to http://www.afpchicago.org/afp_conf/index.php.

Save the date for the Housing Assistance Council's National Rural Housing Conference, December 3-5 in Washington. The conference will bring together more than 700 housing and community development practitioners from across the country. For more information, go to www.ruralhome.org.

Information and Other Resources

Greenberg, Quinlan and Rosner recently conducted a survey of rural voters in 13 battleground states. The results show general support for McCain on several issues and a favorable reception for Sarah Palin, but that has not translated to a great deal of movement in the vote. McCain only gained one percentage point over Obama, moving to 51-41, over the previous survey, which was taken in May. While McCain enjoys a considerable advantage over Obama on most issues, he has only a 3 point lead when it comes to economic issues, the probable reason for his lack of progress.

For more information and the full report, go to
<http://www.greenbergresearch.com/index.php?ID=2246>.

A new website, www.seniordecision.com, claims to be the first site where consumers can rank retirement communities or elder-care facilities based on their personal experience. The site is searchable by specific provider and also by geography.

Send information on funding opportunities, events, publications, resources or rural related policy issues to reporter@ruralamerica.org. Announcements will be published at our discretion based on space and applicability.

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