

I am Bruce Marks the Founder and CEO of the NACA. First I ask for unanimous consent that the congressional record remains open for my remarks and written submission can be put in the congressional record after completion of the hearing.

NACA is the largest housing counseling organization in the country through its subsidiary the Neighborhood Stabilization Corporation (“NSC”). Out of about 1,700 counseling agencies we provide about 30% of the countries counseling. NACA also provides the best mortgage in America. We overcome the major barriers to homeownership.

1. Significant Savings Requirement – NACA No downpayment & No closing costs.
2. Unaffordable Terms – Below market fixed rate.
3. Restrictive Underwriting – Character based lending without consideration of credit score.
4. Racism and Bias – Pre-approval making the homebuyer a desirable customer for RE agents, sellers and lenders.

NACA provides the Best mortgage in America with \$15 committed to this mortgage with \$10 Billion committed by Bank of America. Bank of America actually holds these mortgages on its books.

Three other major points.

1. As Forbes magazine has stated in its analysis of the most affordable mortgages, NACA is the only one where everyone gets the same terms regardless of credit score or anyother criteria.
2. We have a foreclosure rate over 20 years including during the mortgage crisis of .00012. This in likely one of the lowest or lowest in the mortgage industry. We have destroyed the myth, that lenders must charge higher rates to compensate for the risk of lending to working people and minorities. In fact, 85% of the borrowers are minority.
3. Achieve the Dream Events. We have demonstrated that when you provide comprehensive counseling and an outstanding mortgage people will come. This was demonstrated last June here in Queens. At Aqueduct we had over 12,000 homebuyers come over five days. There was no media and no outreach. Everyone heard about it from a family member, co-worker, neighbor or friend (i.e. word of mouth). Thus the drum beat in the neighborhoods is come to NACA. We continue to do these events. Just finished in Texas with over 6,000 homebuyers in Dallas and Houston each. Now Georgia, then North Carolina and again Queens on June 25 through 29th. The

overwhelming participation is minority homebuyers. It demonstrates the continued racism and need to address it. Also, the need to make CRA more effective.

I would like to point out my unique background. I was a regulator working in the Domestic applications department of the Federal Reserve Bank of New York. I dealt directly with CRA. To this day I still use the CAMEL (Capital, Assets, Management, Equity and Liquidity) analysis the Fed taught me but in our campaigns against predatory and racist lenders.

I know the inside and outside perspectives of CRA. It is important to state what is NOT being discussed in these CRA discussions.

1. The Non-banks. Now, over 50% of the lending is done by non-depository institutions not covered by CRA. These include:
 - a. Quicken
 - b. Penny Mac (i.e. Countrywide)
 - c. Loan Depot
 - d. Freedom Mortgage
 - e. Movement Mortgage.

2. Major banks are cutting back on their mortgage lending. The major banks focus on their existing customers. That is why NACA as a non-profit mortgage broker is likely the only access to major financial institutions for people who are not already a customer.

Chase is a good example. Jaime Diamond made a big deal including on 60 minutes, about what they are doing in Detroit. The problem is that they refuse to do any mortgage lending in Detroit. They do not think that Detroit homebuyers are worth lending to.

Lets Talk About solutions.

I am not focused on branches. Branches do not do mortgage lending, car loans, small business loans. There are reasons for branches and they are important symbols in the neighborhood but their impact is limited. That is becoming more so with technology innovations.

There must be specific metrics for meeting CRA requirements. As a regulator I saw first hand how financial institutions manipulated it to provide little community benefit and how the regulators did not enforce it.

As an activist I saw and used it through the merger and acquisition process as leverage. This was when it was most useful and effective but again that is limited and should not be the primary purpose.

CRA must focus on outcomes for working people and those cut-off from conventional lending. Thus the following:

1. CRA credit should be provided to borrowers making up to 100% of the median income. Since median income is between \$50,000 and \$70,000 if two people are on the mortgage making low wages, the lender would not get credit.

2. CRA credit for lenders that hold the mortgages in portfolio. Virtually no lender holds their mortgages for low to moderate income people. They do for the high net worth customers. Thus they should match for every dollar they hold for these customers they should do the same for low to moderate income customers.

Also, FHA, Fannie or Freddie alone should not be sufficient.

3. Mortgages that break the barriers to affordability should be rewarded. Thus no downpayment mortgages meet this requirement.

Remember, it was the VA no downpayment mortgage that built the white suburbs after WW11. We say white suburbs since minorities

were prevented from accessing it and purchasing homes with it.

Also, mortgages with reduced closing costs and reduced or no credit score should be rewarded.

- a. Low downpayment
 - b. Low closing costs
 - c. High LTV
 - d. HOT-PHA
 - e. Purchase Rehab (203K)
4. Transparency. What lenders do and what they get credit for needs to be shown. This should not be a guessing game.
5. Real neighborhood stabilization for people currently living there. America is segregated. The answer should not be what a Harvard research study said in terms of people living in Baltimore. That the only way to improve their lives is to move to the white suburbs. The most integrated neighborhoods are those that are being gentrified. We need to support the residents that currently live in the neighborhoods to provide homeownership and other forms of affordable credit (i.e. small business loans, car loans, mortgages, etc.)

