

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

February 28, 2007

**BANKING SUPERVISION AND REGULATION:
FRAUDULENT CRA ALERTS**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Fraudulent Community Reinvestment Act (CRA) Alerts

The Federal Reserve has received inquiries and complaints from recipients of direct mail solicitations that suggest there is a "Community Reinvestment Act (CRA) program" that entitles certain homeowners to cash grants or equity disbursements. Some of these solicitations may be read to indicate that the Federal Reserve endorses or supports the offers they contain. These solicitations appear to be a deceptive effort to encourage consumers to apply for a mortgage loan secured by the consumer's home. The Federal Reserve cautions the public about loan solicitations or other offers from lenders or mortgage brokers that offer consumers cash grants or equity disbursements as part of a "CRA Program." **No such federal programs exist and these programs are not required by the CRA.**

The Community Reinvestment Act is a federal law that was enacted in 1977. It encourages depository institutions to help meet the credit needs of their communities, including low and moderate income neighborhoods, in ways that are consistent with safe and sound banking operations. The CRA does not entitle individuals to any grants or loans.

The Federal Reserve is also advising consumers that it does not endorse or sponsor mortgage loan programs. Consumers should be very suspicious of conducting business with lenders or mortgage brokers that make deceptive claims. Individuals who are considering taking out a loan using their house as security are urged to shop around. Comparing loan programs offered by a variety of different lenders can help consumers to get a better deal. The online interagency pamphlet, *Looking for the Best Mortgage: Shop, Compare, Negotiate*, contains useful information about shopping for home loans: http://www.federalreserve.gov/pubs/mortgage/mortb_1.htm

Questions regarding these loan solicitations should be directed to crahelp@frb.gov or to the CRA Assistance Line at (202) 872-7584.

Additional Information

All circulars and documents are available on the internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO