Happy Holidays from the Community Affairs Staff

COMMUNITY INVESTMENTS ARCHIVES

Would you like to read more about the topics covered in this edition? Copies of past articles from Community Investments are available on our website at www.frbsf.org/ or by request from Judith Vaughn at (415) 974-2978.

PREDATORY LENDING & FINANCIAL FRAUD: WHAT YOU CAN DO

DOJ Hot Buttons: Fair Lending Issues, Past and Present (Volume 9 #4, Fall 1997)

DIGITAL DIVIDE

The Challenge of High Tech Delivery Systems (Volume 8 #2, Spring 1996)

CARAT ANNOUNCES TACP

A New Model for Economic Development: CEDU Celebrates Its First Anniversary (Volume 9 #1, Winter 1997)
SHOULD CRA STAND FOR THE "CREDIBLE REINVESTMENT ACT?"

Representatives from the Federal Reserve Banks of Boston, Chicago, Dallas, and San Francisco have released a video on identity theft entitled, "Identity Theft: Protect Yourself!" The video, which is targeted at consumers, is also a valuable resource for anyone who wants to help consumers understand the issue of identity fraud, how to protect themselves and what to do if they suspect they are the victim of identity theft.

Copies of the 15 minute video are available in VHS Format for a charge of $7.50 each. Video can be ordered through the Federal Reserve Bank of Boston by calling (800) 409-1531.

Director and Chief


divote-Credit

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CRA101: TRAINING FOR PARTNERSHIP

Enhanced communication and more effective agreements are just two of the benefits that can accrue when organizations that represent community constituents understand the business environment of their financial institution partners. CRA 101 was developed to provide a basic understanding of the Community Reinvestment Act and how it affects the way banks conduct business in the communities they serve. The 35-slide power point presentation is a flexible training tool that has been used by banks, community-based organizations and even a community college course.

Download your copy directly from the community affairs section of the San Francisco Fed’s website: http://www.frbsf.org/publications/index.html#comaff
INTRODUCTION:

For the better part of two years, the issue of predatory lending has commanded the attention of bankers, regulators, real estate and community development professionals and consumer advocates. As an issue or practice best characterized as fraud or violations of current consumer protection and lending laws, predatory lending defies easy solutions. Proactive measures are critical in any effort to eliminate this offensive and intractable problem. This article seeks to offer resources and ideas about how you and your organization can play a role in curtailing predatory lending and financial fraud.

Combating predatory lending and financial abuse of elders requires the cooperation of front-line professionals such as bank employees, mortgage lenders and community organization representatives. Tougher legislation, heightened regulatory inspection, consumer education and increased disclosure requirements are not enough to guard against the superior tactics of unscrupulous players. The effort to combat predatory lending and other examples of financial fraud must also involve personal accountability.

For example, personal accountability includes a willingness to report individuals whose unscrupulous conduct poses reputational risk to the industry and, in some cases, nullifies the efforts of legitimate organizations to increase homeownership. Personal accountability also extends to developing strategies for collaborating with appropriate agencies to create innovative models and best practices. The information and programs that follow will serve as models for how your organization can take such steps.

Introduction by Lena Robinson, Associate Community Affairs Specialist, Federal Reserve Bank of San Francisco
Fighting Home Equity Fraud and Predatory Lending: One Community’s Solution

by Joan Potter, Research Analyst, Federal Reserve Bank of Cleveland

On a warm, sunny day in Los Angeles, Bruce Provan left his home for the last time. Provan, severely disabled by multiple sclerosis, planned to go away for a few days while some home improvements were completed. A friend from church had graciously offered to find a contractor to “fix up the place a bit” and had even taken care of the paperwork and financing. Provan had only to sign a few documents. He thought he was signing a contract for home improvements—but in fact, he had signed away his home entirely.

Stories of predatory lending like this one appear almost daily in newspapers nationwide. You might guess how the story ends: Provan loses his home, has only to sign away his property, and due diligence in weeding out habitual offenders. Finally, the California Community Partnership for the Prevention of Financial Abuse (CPFA) has emphasized the importance of training and building relationships with law enforcement and social service agencies such as Adult Protective Services.

Fortunately, these models are intended to empower those in the best position to make a difference—you. As a professional working directly with clients, you may at some time or another encounter a situation or scenario that “looks like” predatory lending or financial fraud. Hopefully your response will not be indifference or helplessness, but rather empowerment to uphold your personal and fiduciary duty. Knowing that there are mechanisms in place is encouraging and helps to defeat cynical thinking that hampers our williness to get involved. “An ounce of prevention is worth a pound of cure.”

Client-driven Services vs. Case Management Strategies—Average client caseloads vary widely. The majority of business assistance organizations do not utilize formal case management strategies. Most TA processes are client-driven, which means that the client requests and schedules the session. Our assessment indicates that this results in lower client retention. TA providers would benefit from standardized scope of services and other formal case management strategies.

Work Products—For the majority of the TA organizations, quality control of their work products is informal. Loan packaging preparation and documentation appears to be the most consistent work product. There is a need for substantial intervention by TA providers in developing other work products such as business and marketing plans. TA providers should provide clients with formats for generating work products and routinely engage them in a process of learning by doing. There is a need for business counselors to help clients bridge skill gaps with “hands on” assistance.

Client Evaluation and Actual Impact of Services on Clients—The majority of clients indicated a high level of satisfaction with services received from organizations having technical assistance as their primary function. However, many clients also reported that formal sources impair the ability of TA providers to assess the long-term impact of their client services. TA providers should establish formal procedures to measure client satisfaction and evaluate over time the actual impact of services on the performance of the businesses served.

TACP IMPROVEMENT

A working group of TA professionals and public and private sector funders has been assembled to develop certification criteria and a certification process. The working group will use the performance indicators outlined above as the platform for developing evaluation tools and the development of the certification program.

We are seeking volunteers from the banking and TA community to participate in focus groups to provide feedback on the certification criteria as it is developed. These focus groups will meet in various locations throughout California during the first quarter of 2001. Comments from the focus groups will be incorporated into the design of the statewide technical assistance certification program.

Bank participation in this certification process makes good business sense for both the TA providers and the banks. Assuming that our working hypothesis is correct, namely, that appropriate technical assistance can mitigate the risk of lending to a small business, then banks have a vested interest in encouraging certification and building capacity among TA providers. To that end, CARAT invites you to participate as a sponsor or focus group participant or both to ensure that your ideas are considered. We are also seeking financial investment from banks to assist in implementing the state’s certification program for the ultimate purpose of enhancing the delivery of quality technical assistance.

Funding, staffing, technology, cost of services, and the length of time it takes to develop potential funders (e.g., banks, corporations and foundations) within the TA community are the primary constraints that impact the ability of TA providers to build capacity. This certification program will have a decisive impact on identifying and overcoming the constraints TA organizations face in upgrading the expertise of their staffs and improving the quality of technical assistance services for their small business clients.

The following articles spotlight efforts and resources focused on preventing home equity fraud and protecting the assets of those who are most vulnerable or at risk of being defrauded. The Los Angeles County Real Estate Fraud and Information Program illustrates the effectiveness of strategic cooperation among law enforcement, legal aid and real estate industry professionals. A list of agencies that regulate mortgage brokers throughout the Fed’s 12th District is also provided to emphasize the importance of industry self-regulation and the importance of industry self-regulation and and resourceful efforts focused on preventing home equity fraud and protecting the assets of those who are most vulnerable or at risk of being defrauded. The Los Angeles County Real Estate Fraud and Information Program illustrates the effectiveness of strategic cooperation among law enforcement, legal aid and real estate industry professionals. A list of agencies that regulate mortgage brokers throughout the Fed’s 12th District is also provided to emphasize the importance of industry self-regulation and and due diligence in weeding out habitual offenders. Finally, the California Community Partnership for the Prevention of Financial Abuse (CPFA) has emphasized the importance of training and building relationships with law enforcement and social service agencies such as Adult Protective Services.

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One Community’s Solution

Homeowners in L.A. County who suspect fraud or predatory lending may call the Real Estate Fraud Hotline and speak with a trained investigator about their loan; if the call is made immediately, they may exercise their right to rescind the loan within three days under the Truth in Lending Act. Borrowers may also make an appointment with L.A. County’s Department of Consumer Affairs, and a member of the Real Estate Fraud Division will examine and explain their loan documents. In Los Angeles, whenever property is pledged as security for a loan (by the recollection of a deed of trust), property owners are notified by mail and provided a copy of the deed, disclosing the full amount of debt against the property. Also included is a tip sheet—written in plain English (or Spanish)—explaining the documents and the possibility of foreclosure if they fail to make payments.

1 For example, in the 1998 Senate Special Committee on Aging hearing, a former finance company employee testified, “I’ve seen finance company employees commit forgery on a massive scale. These employees have forged everything from insurance forms, RESPA documents, income verification forms, and even entire loan files.”

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Impact of Services—Consulting Services: Quality

Organization Overview and Management—Including organization background, finances, constraints and allocation of resources. The assessment reveals that there are eight performance indicators that determine the ability of TA organizations to fulfill their missions and measurably impact the operating performance of their small business clients. The following section identifies these indicators and offers recommendations for overcoming them. Many of these recommendations provide meaningful opportunities for banks to make a direct investment in the capacity building of organizations in their communities in the form of professional training, internal systems automation and advisory board participation, to name a few.

Types of Services Requested and Types of Services Delivered—In organizations with technical assistance as their primary focus, the TA services delivered generally match the types of services requested by small business clients except for technology-related training such as Internet and e-commerce. In order to meet the market expectation that small businesses use technology routinely, TA providers will need to develop the knowledge, capacity, skills and/or talent banks to provide computer systems assistance in ways essential to the start-up, growth and expansion of clients’ enterprises.

Professional Staff/Consultant Skills and Expertise—A variety of staffing arrangements (i.e. full-time staff, part-time staff and consultants) are used to provide small business clients with professional TA services. Providing training that enhances the skills of business counselors would enable TA organizations to attract and retain quality staff. The development and regular use of internship programs with universities and colleges could become an asset to the delivery of business assistance services.

Internal Systems—Standards and Procedures—For the most part, standardized pre-screening tools are used to qualify clients for service delivery eligibility. Initial “best practices” to automate standardized client intake and assessment processes and procedures are underway in a number of the TA organizations. However, the majority of TA organizations do not use standardized forms to for instance define scope of service or update client activity and are therefore not able to effectively track the counseling process over time. TA providers can benefit from the automation of their services. Information received would be useful in ongoing case management, client profile analysis and measuring impact.

Los Angeles consumers are urged to call the Real Estate Fraud Hotline to speak with Department of Consumer Affairs staff if they have any questions or concerns about their loan documents. In addition, the department provides counseling, information, referrals, investigation, and mediation of complaints—all free of charge—and conducts outreach programs targeting high-risk groups such as the elderly and homeowners in low-and moderate-income neighborhoods.

In many predatory lending cases consumers believe they are getting a home equity loan but are, in fact, refinancing. Therefore, L.A. County homeowners are notified that their entire mortgage has been refinanced, leaving them with a substantial outstanding debt that is secured by their home. If criminal fraud is suspected, law enforcement agents and the district attorney begin an investigation, which may lead to criminal prosecution. Additionally, the Department of Consumer Affairs refers complaints against contractors and mortgage brokers to their respective licensing agencies.

A PARADIGM SHIFT

During the early 1990s, legal aid attorneys in Los Angeles saw the number of home equity fraud cases increasing. Although the county had laws in place making home equity scams a crime, few criminal prosecutions occurred. Civil litigation was just as ineffective in deterring such fraud: according to attorney Manuel Duran, “judgments meant nothing to these scammers. The scammer would just get a new name and continue on with the same scam.” Therefore, a way to address the barriers to effective criminal prosecution was needed.

Why were so few home equity fraud cases prosecuted? Many homeowners were routinely turned away because the police had little knowledge of home equity fraud and told victims their cases were civil in nature. On rare occasions when allegations of home equity fraud were investigated, the detectives assigned to the cases were not properly trained to understand the complicated legal documents involved, and therefore could not assess whether a crime had taken place. Because of poor investigations, there was rarely sufficient evidence to prosecute.

In 1994, a home equity fraud prosecution committee was established, comprising two legal aid attorneys, a deputy district attorney, and representatives of the Department of Real Estate and the Los Angeles County Consumer Affairs Office. Additionally, legal aid attorneys invited law enforcement agencies to participate in a two-day training session. Although these efforts allowed law enforcement to better recognize home equity fraud and conduct more productive investigations, the prosecution model remained flawed. The county’s prosecution model was ineffective, for two reasons. First, many homeowners did not realize they had been scammed until the foreclosure process had already begun. Such cases are difficult to investigate and prosecute because so much time has passed; in some cases, the statute of limitations may have expired.

Figure 1

Statewide Technical Assistance Certification Program (TACP)—Phase 1

SUBPRIME LENDING   Predatory Lending
Obscure information and pressure   Concealment
Hidden information   Fraud

Predatory Lending vs. Home Equity Fraud

Home equity fraud and predatory lending have strikingly similar consequences: Both involve stealing equity from vulnerable homeowners, causing them to lose their homes in foreclosure. They differ in the means by which that equity is stolen and in their legacies. Predatory lending has been characterized as lying somewhere on the continuum between legitimate subprime lending and fraud.

1 See “Understanding Predatory Lending: Moving Toward a Common Definition and Workable Solutions,” Neighborhood Reinvestment Corporation, Joint Center For Housing Studies of Harvard University, October 1999.

A significant component of predatory lending involves outright fraud and deception, practices that are clearly illegal. The policy response should simply be better enforcement.

— Federal Reserve Governor Edward M. Gramlich to the Fair Housing Council of New York, April 14, 2000

Home Equity Fraud and Predatory Lending Defined

<table>
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<th>Home Equity Fraud</th>
<th>Predatory Lending</th>
<th>Predatory Lending plus fraud</th>
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<tr>
<td>Legitimate subprime lending</td>
<td>Predatory lending typically refers to the abuse of mortgage provisions that are generally desirable.</td>
<td>Predatory lending plus fraud</td>
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<td>Fraud often accompanies predatory lending, and it may be present in a number of ways, since fraud laws vary by local community and statute. Behaviors that constitute fraud vary as well. Practices include falsifying borrower income on loan documents, forgery of the borrower’s signature, and diverting funds away from the borrower.</td>
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<td>Home equity fraud differs from “predatory lending” in that home equity fraud may occur with or without a loan. The circumstances under which home equity is “taken” can vary, but it typically occurs through deception, fraud, forgery, and identity falsification.</td>
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Edward M. Gramlich

Nationally, there is movement toward developing standards and performance measures within the nonprofit technical assistance (TA) industry. Both the National Community Capital Association, a trade association for CDFIs, and the Aspen Institute, a research institute studying the micro-enterprise field, are looking at ways to more effectively deliver and measure technical assistance services provided to small businesses. California Resources and Training (CARAT) is performing a similar function in California with the goal of helping TA providers better serve the growing small business community in this state.

CARAT was founded in 1995 as a private nonprofit to build capacity within the TA industry in California. CARAT’s creation coincided with the formation of CEDLI, the California Economic Development Lending Initiative, a statewide for-profit multi-bank CDC that specializes in lending to small businesses and community organizations. Although separate organizations, CARAT (the nonprofit TA capacity builder) and CEDLI (the for-profit lender) both evolved out of the same three-year planning process—which involved foundations, community organizations, bank regulators and financial institutions.

From the beginning, one of CARAT’s primary goals has been to develop performance standards for technical assistance providers through the development of a statewide Technical Assistance Certification Program (TACP). We are pleased to report on its progress so far and to share the direction for future action by CARAT and others.

In early 1997, CARAT surveyed 34 banks in California to determine the need for technical assistance certification. Sixty-one percent or 21 banks responded. Fifty-seven percent of the respondents felt there was a need to raise the standards for TA providers and sixty-six percent indicated that a formalized certification would be useful. This initial bank survey resulted in the development of a pilot Technical Assistance Certification Program (TACP) designed to test the capacity of nonprofits delivering technical assistance to the small business community and identify performance indicators that impact the quality of service delivery. These performance indicators form the baseline standards that will be used to certify technical assistance providers.

Technical Assistance Certification Program (TACP) by Selma Taylor, Executive Director, California Resources and Training

In this pilot TA assessment program, CARAT performed in-depth evaluations of ten business assistance providers—five in Southern California and five in Northern California—using a customized assessment questionnaires. The questionnaires were available from CARAT at (510) 267-8994 or via email at training@caratnet.org

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CARAT’s Technical Assistance Certification Program

Call to Action

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ABOUT THE AUTHOR
GEORGETTE BHATHENA recently joined the consumer compliance unit as an associate examiner at the Federal Reserve Bank of San Francisco. In this capacity, she performs compliance exams and CRA examinations of state member banks. Prior to joining the compliance unit in September 2000, she served as a summer intern in the Bank’s community affairs unit. She received bachelor’s degrees in economics and business administration from the University of Washington in June 2000. Ms. Bhathena is also a Ford Foundation public policy and international affairs fellow.

The Inner-City Cyber Café, Operation Hope (Los Angeles, California)
The Inner-City Cyber Café was developed by Operation Hope through a unique partnership with leading high-tech hardware and software companies. Situated in south central Los Angeles, the Inner-City Cyber Café provides the local community with a comfortable, relaxed atmosphere to meet, conduct e-commerce related business and research, hold one-on-one business meetings, and access the Internet. The Café offers 18 cutting-edge technology stations and access to a variety of software, including financial planning software provided by Intuit. Operation Hope will provide the financials and the vision to encourage financial responsibility. Intuit also provided the TurboTax software to allow LMI individuals to prepare and electronically file their federal and state tax forms free of charge. Taxpayers with an annual adjusted income of $20,000 or less, as well as anyone filing Form 1040-EZ, are eligible for this program. Valuable and needed market research on LMI individuals’ opinions, perspectives and buying patterns will result from the “regular” use of the technology stations in the Cyber Café. Operation Hope will implement an operating and information gathering system that tracks not only specific usage but provides a level of detailed feedback with the information distributed to manufacturers, technology partners, the media and the community at large.

Contact: Charles Toff, Cyber Café Manager, (323) 290-2410
Website: www.operationhope.org

The Inner-City Cyber Café is a nonprofit agency that provides community color access to technology. TAF’s flagship program is the Techni-
cal Teens Internship Program (TTIP) which provides both technical skills training and internship placement for 13 to 18-year-olds interested in careers in information technology. Each year in the fall, approximately 40 students enter the eight-month intensive com-
puter “boot camp” where they meet twice a week for three hours to learn computer literacy, extensive Web development and job readiness skills. Following their rigorous training, the students are placed with local Seattle-based technology companies to pursue eight-week summer internships. This year, students worked with companies like Microsoft, RealNetworks, ShopNow.com and others.

Other programs that TAF offers include Tech Start, a newly established pro-
gram that works with children ages 2-12, their parents, their community agen-
ties and their schools to increase techni-
cal awareness; and The Virtual Insti-
tute which provides curricula, techni-

cal training and assistance to a consor-
tium of approximately 31 community or-
ganizations that have technology com-
ponents. Organizations include schools, boys and girls clubs, libraries, housing centers, and community centers.

Contact: Ann Stjern, Development Director, (206) 725-9095
amnst@techaccess.org
Website: www.techaccess.org

CONCLUSION
While it cannot be expected that the digital divide will be solved overnight, concrete steps to address the issue must be taken. With strategic investments, key partnerships and creative thinking, we can begin to open the “trade routes” President Clinton speaks of and move historically underserved communities to the economic mainstream. It percent approval rating—has prompted several other California counties to count initiatives for similar programs.

The comprehensive partnerships and collaborative efforts among sev-
eral agencies are what make the initia-
tive so effective. According to Manu
el Dunn, an attorney formerly with Bet Tzedek Legal Services and an early initiator of the partnership, “It is not difficult for a legal aid attorney to call the Department of Real Estate and start the process of revoking the license of a broker or the district attorney’s office to start a criminal in-

vestigation. Just as easy, a police detec-
tive can call a legal aid attorney for in-
formation that will assist the detective in an investigation or in obtaining a search warrant.” Because the district attorney’s office plays such a key role in the partnership, cases are turned over for prosecution more quickly and effec-
tively. Many times, law enforcement units discover they are investigating the same people, and they can team up and share evidence to develop a case.

A MODEL OF INTEGRATED EFFORT
Because no legislation has made preda-
tory lending a criminal offense, such prac-
tices often must be fought indi-

cently. In fact, according to Supervis-
ing Investigator Nicholas Aquino, Los Angeles Department of Consumer Af-
fairs, the most disturbing calls received by the hotline are cases with allega-
tions of abusive lending practices and verbal misrepresentations of loan terms, but few elements of fraud or other criminal behavior. Although many such cases have been success-
fully tried in the civil courts, consum-

er’s hesitate to incur the legal expense of a civil court battle.

The fraud-fighting partnership is a model of an integrated effort to stop unscrupulous scam artists from stealing home equity, causing homeowners to lose their home in foreclosure, leaving their victims with a pile of legal bills, and causing them substantial stress and misery.

In Los Angeles, the collaborative efforts of many players are helping people get back their home equity, prevent foreclosure, put scam artists behind bars, and deter others from entering this line of work.

The views in this report are those of the author and do not necessarily represent those of the Board of Governors of the Federal Reserve System or of the Federal Reserve Bank of Cleveland.

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fairs office at 216/579-2135.

The story ends...

Bruce Provan was fortunate to live in Los Angeles. Provan’s case—a clear case of home equity fraud—was the first to be prosecuted by the Task Force. His “friend”—who had abandoned Provan in a motel 90 miles away from home with a bag of groceries and no money, so that he could return and sell the house—did spend some time in jail. Although Provan never got his home back, the man who stole it got his due.

Special thanks to Supervising Investigator Nicholas Aquino of the Los Angeles Department of Consumer Affairs for many lengthy interviews regarding the Los Angeles program. Thanks also to attorneys Manuel Dunn, in practice at Dunn and Flanagan, and Ben Dietch of Bet Tzedek Legal Services.

18 Community Investments December 2000
As the name suggests, predatory lending is most often a lending transaction where the victim has been specifically solicited with a loan product that is unfavorable. By itself, this may not be illegal. But a pattern and practice of such conduct is, and can be prosecuted. At the very least, such conduct should be made known to the appropriate licensing or regulatory agency. Because the act of deceit and legal proceedings to occur with a non-depository mortgage broker or lender, contact information has been provided for the state agencies that regulate this group.

Realistically, it is not easy to uncover predatory practices. The unfortunate reality is that fraud is usually discovered after the fact. For instance, as a lender, you may detect irregularities in a previous transaction during an attempt to re-finance. Or perhaps as a community development professional helping a client workout of a foreclosed you suspect deception in the original transaction. These transactions may be isolated, but if they raise predatory “red flags”, they are probably worth reporting. The practicality of a legal action may be during the underwriting process for securitizing brokered loans. The emphasis here is really on industry self-regulation and due-diligence.

The departments that license and regulate mortgage brokers and lenders vary by state. In the Fed’s 12th District, banks are also required to be the only state that does not regulate mortgage brokers although they are required to be licensed. In general, regulatory responsibility includes periodic audits, investigation of complaints regarding fraudulent conduct, and authority to revoke their license if the complaint is substantiated. Most of these departments do not have civil or criminal jurisdiction over these transactions. These transactions may be isolated, but if they raise predatory “red flags”, they are probably worth reporting. The emphasis here is really on industry self-regulation and due-diligence.

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One way to alleviate the tremendous demand for workers is to invest in a relatively untapped labor market, LMI individuals, investments to increase access to technology and provide comprehensive technical training will yield both long-term advantages and significant benefits that facilitate acting all sectors of the economy. Through such investments, companies will gain access to an expanded high-tech workforce while individuals will obtain highly marketable skills that will allow them to secure high-paying jobs.

How Banks Can Help Bridge the Digital Divide—12th District

Throughout the Fed’s 12th District, banks are working with concerned partners to address the technology needs of their communities. To the extent that these efforts meet the needs of low- and moderate-income communities, banks can earn CRA credit under the investment and service tests. The six initiatives that follow represent unique and innovative approaches to help meet the particular needs of their communities. They are seeking bank involvement in three forms: financial grants, donations of time and expertise, and donations of computer equipment and software. While the list is by no means exhaustive, the initiatives selected represent programs as diverse as the communities they serve and geographically spread across the nine-state district.

A+ Computer Certification Training Program, Samoan Service Providers Association (Honolulu, Hawaii)

Established in 1984, Samoa Service Providers Association’s (SSPA) mission was to provide support services exclusively to the Samoan community in Hawaii. Since then, SSPA has expanded its services to include the Native American, low-income, immigrant and refugee communities. The SSPA A+ Computer Certification Training Program was developed in 1999 because of the scarcity of qualified computer service and repair technicians in Hawaii. The training program is designed to have students become versed in MS-DOS, Windows and identify all the components of a computer system. Upon completion of a 12-week training course, the students then enter eight weeks of intensive certification training. The 20 weeks of training culminates with successful completion of the A+ Certification test. Last year students in the program refurbished 60 used computers provided by Bank of Hawaii, which were then donated to a computer center for grade school and high school students of Samoan ancestry. Each student to graduate from the A+ program is also required to complete one of the remaining computers. The program is now in its second year.

Contact: David Parish, Inbound Manager, (808) 842-0219
sspa@hawaii.rr.com
Website: www.samoanserviceproviders.com

Affordable Housing and Business Information Resource Desks, The Indian Walk-In Center (Salt Lake City, Utah)

The Indian Walk-In Center serves approximately 25,000 Native American Indians representing 50 different tribes with services and activities designed to be culturally sensitive and relevant for the urban American Indian peoples and all low-income populations. A relatively new resource under development at the Center is the Affordable Housing and Business Information Resource Desks, a project co-sponsored by the Federal Reserve’s Utah Sovereign Lending Task Force. Using computers linked by an intranet, individuals will be able to access information on first-time homebuyer programs, Section 8 and small business development.

In the future, the Center plans to include information about the job search process (resume building and employment applications) as well as more comprehensive information on starting a small business (developing a business plan, securing a loan). The Center also plans to hold informational workshops on various technology topics that will be video-conferenced to overcome geographic dispersion and maximize the professional development of people unable to access the information. The Indian Walk-In Center is in need of computer donations and financial grants to be used to hire a full-time staff person to provide technical assistance at the Resource Desks and to purchase additional computers and internet access.

Contact: Thomas Burke, Development Director, (808) 486-4877
burke@mission.com

JobjLink: Bay Area Video Coalition (San Francisco, California)

JobjLink is a six-state workforce development program for low-income adults and youth pioneered in 1997 by the Bay Area Video Coalition (BAVC). Heralded nationally as a model for technology training, JobjLink offers intensive technology training and job placement services to narrow the digital divide and provide access to new economic opportunities for disadvantaged San Francisco Bay area residents. Since its inception, JobjLink has trained over 235 low-income individuals and boasts a 75 percent placement rate at a number of Bay Area companies.

Contact: Paige Baney, Director of New Media Initiatives, (415) 558-2172
paige@bavc.org

The CyberVillage, Dunbar Economic Development Corporation (Los Angeles, California)

The CyberVillage project is a partnership between Dunbar Economic Development Corporation (Dunbar EDC) and several agencies and organizations that bring technology to the Somerville Place I and II, a housing community of mostly single heads of households in one of Los Angeles’ poorest communities. In addition to the computers installed in each of the 41 family units ranging from two to four bedrooms, the project also consists of the following components:

CyberVillage Lab is housed in the Dunbar Hotel, a historically significant
Black and Hispanic households are approximately two-fifths as likely to have home Internet access as White households, and one-third as likely as households of Asian/Pacific Islander descent.

Regardless of income level, Americans living in rural areas are lagging behind in Internet access. At the lowest income levels, those in urban areas are more than twice as likely to have Internet access than those earning the same income in rural areas.

A child in a dual-parent White household is nearly twice as likely to have Internet access as a child in a White single-parent household. A child in a dual-parent Black family is almost four times as likely to have access as a child in a single-parent Black household.

The Digital Divide in the Financial Services Industry

While the issue of the digital divide may seem far removed from the day-to-day operations of the financial services industry, in truth, the digital divide has a direct impact on the industry. This impact is felt primarily in the areas of customer service and market share.

With increased concerns about profitability and competition from a host of financial service providers, large banks in particular are facing considerable pressure to streamline operations and seek out alternative, less costly methods for delivering banking products and services. From a cost savings perspective, it is apparent why many banks have become more reliant on electronic delivery systems such as automated teller machines, bank-by-phone services and on-line banking.

In failing to reach unconnected individuals, banks forego precious “crossover” opportunities by losing the chance to offer home mortgage loans, business loans or other products like insurance.

Financial exploitation of the elderly and dependent adults is a significant problem affecting millions of Americans across the county. Elders comprise an increasing segment of our population, and elder financial exploitation and other forms of abuse are occurring at alarming rates as the population gets older and accumulates more wealth. Still, only a small percentage of estimated financial abuse cases are reported each year.

Adult social service agencies find that approximately 25-35 percent of their caseload involves financial abuse by persons, often relatives or friends, known to the victims. California’s state attorney general’s office reports that an increasing number of criminal prosecutions involve financial abuse against elders. The number of financial abuse cases is currently estimated between 80,000–100,000 cases per year and rising. And this problem can only get worse. By 2010, the number of persons over 65 is projected to increase by 63 percent from 1990 statistics to almost five million. 1


6 Meeting Workforce Demand: p. 1

7 Meeting Workforce Demand: p. 2.
TRAINING TO PREVENT ELDER FINANCIAL FRAUD

Cases of elder fraud often involve someone that the victim knows and trusts such as a family member, friend or caregiver. This makes detection less obvious and the decision to report more sensitive. For this reason, it is important that bank employees receive training to recognize signs of fraud and receive guidelines on how to proceed. In addition to the CCPFA project highlighted on this page, a number of excellent resources exist to promote such training.

Several bankers associations in the 12th District have undertaken a campaign to educate bank employees on how to recognize and prevent financial exploitation. In 1997, the Utah Banks’ Association in cooperation with the State Division of Aging and Adult Services developed and conducted “train-the-trainer” workshops for bank trainers on how to recognize elder exploitation and their state mandated obligation to report suspected abuse. Because of this effort and the active participation of bank personnel, several cases were reported and resolved. Similarly, The Oregon Bankers Association has launched a new initiative in partnership with their state attorney general’s office, AARP and a state social service agency, to train bankers on how to identify and report suspicious activity.1 The involvement of the state attorney general is a strong endorsement of this effort and an implicit indication that banks are shielded from liability for “good faith” reports based on reasonable suspicion. The Nevada Bankers Association also distributes handouts with tipsheets for consumers and bank employees that include the contact numbers for appropriate state agencies.

Financial Watch is an employee training video created by Union Bank of California. The five-minute video, which portrays a number of scenarios to acquaint employees with the possibilities of elder fraud, is augmented by a discussion of the Bank’s procedures and individual branch considerations. The four banking regulatory agencies are currently working to develop a similar product that will be available to banks districtwide.

THE PROBLEM

Financial abuse is one of the most destructive forms of abuse because the elderly are generally unable to recoup their losses. If seniors lose their homes, they may not be able to feed themselves, pay for medications and other crucial medical care they may need today or in the future. This type of abuse not only financially devastates seniors, but has the potential to result in the unnecessary institutionalization of elders and possibly their death from depression. Often it is difficult to restore someone’s physical well-being, pride and dignity after the cruel crime of elder abuse has occurred.

THE SOLUTION

Financial institutions are in a unique position to witness financial abuse. They administer accounts, trust and other financial assets of elders and dependent adults. Employees get to know their customers’ spending patterns such as denominations and amount of money regularly withdrawn. They can detect a decline in a senior customer’s ability to conduct transactions or know whether or not a customer has the physical ability to make certain types of transactions. Yet, until recently, because of lack of information about identifying and reporting these transactions and the industry’s practice of keeping customer’s financial affairs confidential, banking institutions rarely reported these cases to public authorities. This has placed banks, as well as their customers, at risk.

Financial abuse is a significant problem demanding a comprehensive community response. The California Community Partnership for the Prevention of Financial Abuse (“CCPPFA”) is an initiative that has launched a new initiative in partnership with their state attorney general’s office, AARP and a state social service agency, to train bankers on how to identify and report suspicious activity.

1 Preventing Elder Financial Exploitation: How Banks Can Help (training kit), Senior and Disabled Services Division 503/945-6399

INTRODUCTION

Access to computers and the ability to use this technology effectively are now critical for full participation in society. A growing percentage of the population is using the Internet to gather information, work from home, start businesses, acquire new skills, use distance learning and access a host of on-line services such as retail and banking. The ability to use technology also remains important in the workplace, where jobs in the growing information technology sector pay almost 85 percent more than jobs in other sectors.1 Although the Internet and information technology are playing an increasingly important role in the country’s economic, political and social life, the reality remains that not everyone is “connected” and thus able to participate in this new economy. This article discusses some of the consequences of the disparity that exists between those with access to technology and those without—more commonly known as the “digital divide”—and highlights initiatives in the 12th District that are attempting to overcome what may be the first significant challenge of the 21st century.

3 Falling Through the Net: Defining the Digital Divide, National Telecommunications and Information Administration, U.S. Department of Commerce, July 1999, p. 1
4 Falling Through the Net, p. 1
**2001 CRA Roundtable Dates**

Financial institution CRA officers and bank community development staff are invited to participate in the Roundtables. These meetings are a valuable source of information about CRA regulatory compliance and local community credit, service and investment opportunities.

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**Community Affairs Contacts for Roundtables:**
Adria Graham Scott (213) 683-2785 (Los Angeles, Arizona, San Diego)
Craig Neiter (206) 343-3761 (Idaho, Oregon, Washington)
John Olson (415) 974-2989 (Northern California, Nevada, Utah)

California’s first statewide public/private partnership initiative developed in response to this increasing social problem.

**CCPPFA’s mission includes:**
1) training employees of financial institutions to recognize and report suspected financial abuse of elders and dependent adults;
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5) becoming a funding source for many underfunded and under-staffed programs in our communities who support financial abuse prevention.

CCPPFA’s initiative offers a turn-key program that can be readily incorporated into almost any financial institution’s existing public relations or training structure. Because CCPPFA was founded and developed by banks, the curriculum and topics are highly relevant and reflect the concerns of financial institutions. Currently, representatives of CCPPFA are working with the FDIC to receive CRA consideration for participation in this type of program. Many senior citizens fall within a low-income classification given that their financial support comes primarily from public benefits.

**What Banks Can Do to Help Prevent Financial Abuse**
- Train bank personnel to recognize potential warning signs of elder financial abuse or fraud.
- Encourage staff to get to know their elderly customers and become familiar with their banking practices and account activity.
- Establish internal bank procedures that outline the appropriate staff responses to suspected abuse.
- Develop or sponsor education and consumer outreach programs targeted to elders (e.g. financial literacy and techniques for reducing risk to financial abuse and exploitation).

**Legal Authority to Intervene**

Banks have existing civil, criminal and welfare and institutions codes to protect them when reporting suspected financial abuse cases. Such cases should be reported to the county office of Adult Protective Service for investigation. If the situation appears to be urgent and threatening, the sheriff or police department should be contacted immediately. Additionally, some banks have developed advanced directives for financial management which allow account holders to name someone whom they suspect is being abused. The bank can then contact their banking practices. In the State of California, Senate Bill 1742 was recently signed into law and will become effective January 1, 2001. This bill effectively allows specially trained peace officers to immediately freeze financial accounts of an elder whom they suspect is being abused. The system currently in place often takes months to establish a freeze. In the meantime, assets can be bled dry. For specific laws and regulations in your area, check with your local district attorney’s office. Remember... financial abuse can be reported anonymously anytime by anyone.

For more information about CCPPFA, contact Kimberly Pettrini at 415-698-5400 or email her at kpetrini@ccbanking.com.
My career as a CRA officer began in 1989. The bank I was associated with was looking to improve their performance after receiving a ‘Needs to Improve’ rating on their first CRA exam. Management knew I was looking to do something different and asked if I was interested in taking on the task of developing a CRA program. CRA was new to me and I thought it would be an interesting challenge. As a result of lots of research, talking to other CRA Officers and keeping an open dialogue with the Office of Thrift Supervision (our bank’s regulator), the bank achieved ‘Satisfactory’ ratings in the following two compliance exams. I have found working with CRA to be both tremendously rewarding and challenging, particularly keeping up with changes and subjective interpretations of the regulation. The rewards come from the positive impact CRA has made on whole communities and individuals. CRA has provided a valuable opportunity to work with many local groups such as Neighborhood Housing Service (NHS), Habitat for Humanity, the Affordable Housing Clearinghouse and other community development organizations that help improve the economic condition of communities. Our involvement with these groups has also helped to acquaint us with the communities we serve and to change some erroneous perceptions.

A trip to south central Los Angeles to paint homes with NHS illustrated this point. On the morning we met in the Orange County branch parking lot, many of the volunteers were jittery about gangs and violence in the community because of perceptions developed from news stories over the years. By lunchtime and after a few hours working, these same people were out talking to all the neighbors and laughing and chatting with the kids on the block. On the way home, the conversation was about how real the families were and how similar their lives were to our own. That was the beginning of many years of service to the NHS program.

In 1998, I took on the challenge of assisting Eldorado Bank with its CRA responsibilities. At the time, oversight of CRA was shared between the compliance officer and the executive vice president of construction lending. While the bank was performing satisfactorily, a program that provided goals and objectives to continue to meet CRA requirements did not exist. My primary responsibility with Eldorado is to develop a CRA program that is consistent with the bank’s overall business strategy. The uniqueness of Eldorado Bank is that while it is a commercial bank headquartered in Southern California, it also has one branch and a large wholesale mortgage division in Northern California. The primary source of business for the mortgage division is wholesale loans from four western states and Northern California, which affects the bank’s geographic distribution of credit products unfavorably. To address this concern, the bank increased its mortgage production in Southern California by establishing a retail mortgage division in some branches and a wholesale division in San Diego. The affordability gap in the Southern California market required the bank to introduce loan programs that included 100 percent financing and other products that target low- and moderate-income buyers. After one year, the number of mortgage loans originated in Southern California has increased by 18 percent.

I would advise other CRA officers to keep up with regulatory changes and to communicate with the regulators. It is also important to keep senior management and the board of directors informed at all times on the progress of the CRA program. CRA is a team effort that requires participation from all bank divisions and progress should be measured against the overall achievements of the bank.

Elba can be reached at (949) 206-5255 or via email: emonte@eldoradobank.com.

My career with First Security Bank, N.A. began in 1993, soon after I graduated from Boise State University. I completed the bank’s management training program and became a mortgage loan officer, where it quickly became apparent to me as I originated mortgages that my niche was working mainly with first-time homebuyers. The first-time homebuyer market was largely untapped at that time and I was frustrated by the lack of assistance for customers who were otherwise prepared for homeownership, but did not have the means for the down payment and closing costs. This ignited my interest to find programs that could benefit a segment of the population often overlooked. In 1996, the bank’s position for the Idaho CRA Officer became vacant and I saw this as a great opportunity to further promote assistance for underserved segments of our population.

I now oversee the implementation of the CRA for First Security Bank throughout Idaho. I coordinate CRA activities and record the activities of our 87 branches and other business lines. I am responsible for the assessment of the economic and social needs of the communities that First Security serves and the coordination of our efforts to meet those needs. This responsibility presents many opportunities to develop partnerships, products and projects to meet the unique needs of certain communities and populations. I also help write grant applications in collaboration with community development partners, and take part in administering grant programs and monitoring projects for compliance with the stipulations of the individual grants.

I have been fortunate to be involved with the three Neighborhood Housing Services in Idaho as a board member, loan committee member and as a resource development committee member. I also serve on the Idaho Partners for Homebuyer Education board of directors and represent First Security on the Idaho Financial Literacy Coalition. For the past 4 years, I have been on the Scholarship Committee for image of Idaho, a nonprofit organization concerned with the education, employment and civil rights of Idaho Hispanics.

First Security Bank benefits from building partnerships in the communities it serves. Idaho has limited financial and technical resources in the community development industry, which necessitates leveraging different “players” together around a common goal. For example, the Idaho Partners for Homebuyer Education (IPHE) was formed in 1997, following the conclusion of the first Idaho Governor’s Conference on Housing, because it was apparent that Idaho was one of the few states that did not have a statewide homebuyer education program. IPHE has eight regional partners throughout Idaho, who, within the first six months of classes, educated approximately 1000 people.

Similarly, the Idaho Community Reinvestment Corporation (ICRC) was created in response to the need for affordable housing for low- and moderate-income residents in Idaho. It serves as a catalyst for the development of affordable housing by providing fixed-rate, permanent loans for the construction and rehabilitation of multi-family rental projects. The ICRC is a consortium of financial institutions throughout Idaho including First Security Bank, which was a leader in its formation.

Obviously, one of the main components in a successful CRA program is community involvement. Not only by the CRA officer, but throughout all business lines and branches. First Security Bank employees are very community minded, which is integral to our ‘Outstanding’ CRA rating. A good tracking and reporting system of employees’ CRA activities is essential to accurately develop programs and products to meet your communities’ needs. This will also enable you to evaluate community impact and makes the preparation for CRA examinations less stressful—if this is possible. One last thought: never underestimate what can be accomplished with partnerships.

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**District Update**

**Leadership Council Update**

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**Welcome New Members!**

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- Develop or sponsor education and consumer outreach programs targeted to elders (e.g., financial literacy and techniques for reducing risk to financial abuse and exploitation).

**Legal Authority to Intervene**

Banks have existing civil, criminal and welfare and institutions codes to protect them when reporting suspected financial abuse cases. Such cases should be reported to the county office of Adult Protective Service for investigation. If the situation appears to be urgent and threatening, the sheriff or police department should be contacted immediately. Additionally, some banks have developed advanced directives for financial management which allow account holders to name someone they would like the bank to contact if their banking practices become “unusual.”

In the State of California, Senate Bill 1742 was recently signed into law and will become effective January 1, 2001. This bill effectively allows specially trained peace officers to immediately freeze financial accounts of an elder whom they suspect is being abused. The system currently in place often takes months to establish a freeze. In the meantime, assets can be bled dry. For specific laws and regulations in your area, check with your local district attorney’s office. Remember...financial abuse can be reported anonymously anytime by anyone. CI

For more information about CCPPFA, contact Kimberly Petrini at 415-898-5400 or email her at kpetrini@ncbanking.com.
Preventing Elder Financial Exploitation:
How Banks Can Help
Senior and Disabled Services Division

agencies are currently working to develop a similar product that
ber of scenarios to acquaint employees with the possibilities of
it tipsheets for consumers and bank employees that include the con-
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The involvement of the state attorney general is a strong endorse-
to train bankers on how to identify and report suspicious activity.2
Several bankers associations in the 12th District have undertaken
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mandated obligation to report suspected abuse. Because of this
the active participation of bank personnel, several cases were
were reported and resolved. Similarly, The Oregon Bankers Associa-
tion has launched a new initiative in partnership with their state
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stions and the industry’s
practice of keeping customer’s spending pat-
ters such as denominations and
ount of money regularly withdrawn. They can detect a decline in a senior
s customer’s ability to conduct transac-
tions or know whether or not a cus-
tomer has the physical ability to make
t certain types of transactions. Yet, until
recently, because of lack of informa-
tion about identifying and reporting
these transactions and the industry’s
practice of keeping customer’s financial affairs confidential, banking insti-
tutions merely reported these cases to
public authorities. This has placed banks, as
well as their customers, at risk.
Financial assistance is a significant problem demanding a comprehensive
community response. The California Community Partnership for the Prevention of
Financial Abuse (“CCPPFA”) is

Cases of elder fraud often involve someone that the victim knows
and trusts such as a family member, friend or caregiver. This makes
detection less obvious and the decision to report more sensitive:
For this reason, it is important that bank employees receive train-
to recognize signs of fraud and receive guidelines on how to
proceed. In addition to the CCPPFA project highlighted on this page,
a number of excellent resources exist to promote such training.
Several bankers associations in the 12th District have undertaken
a campaign to educate bank employees on how to recognize and
prevent financial exploitation. In 1997, the Utah Bankers Associa-
tion in cooperation with the State Division of Aging and Adult Ser-
dices developed and conducted “train-the-trainer” workshops for
bank trainers on how to recognize elder exploitation and their state
mandated obligation to report suspected abuse. Because of this
effort and the active participation of bank personnel, several cases were
reported and resolved. Similarly, The Oregon Bankers Association has
launched a new initiative in partnership with their state
attorney general’s office, AARP and a state social service agency,
to train bankers on how to identify and report suspicious activity.1

The involvement of the state attorney general is a strong endorse-
ment of this effort and an implicit indication that banks are shielded
from liability for “good faith” reports based on reasonable suspi-
ion. The Nevada Bankers Association also distributes handouts with
tipsheets for consumers and bank employees that include the con-
tact numbers for appropriate state agencies.
Financial Watch is an employee training video created by Union
Bank of California. The five-minute video, which portrays a num-
ber of scenarios to acquaint employees with the possibilities of
ever fraud, is augmented by a discussion of the Bank’s procedures
and individual branch considerations. The four banking regulatory
agencies are currently working to develop a similar product that
will be available to banks districtwide.

The Problem
Financial abuse is one of the most de-
structive forms of abuse because the
elderly are generally unable to recoup
their losses. If seniors lose their homes,
they may not be able to feed them-


1 Preventing Elder Financial Exploitation: How Banks Can Help (training kit, Senior and Disabled Services Division 503/945-4399)


Leashing the tremendous potential of both the Internet and digital infor-
mation technology requires, as President Clinton asserts, that the “trade
routes...run through every city, every
town, every community.” The unfortu-
nate reality remains, though, that the
digital trade routes run through some
communities while leaving others un-
connected.
A report released in August 2000 by the Federal Communications Commissi-
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ment of advanced telecommunications
capability across the nation.1 Despite
the FCC’s conclusion that deployment
has been “reasonable and timely” over-
all, their data also support the conclu-
sion that market forces alone cannot
insure that certain segments of the
American population will receive timely
access to advanced telecommunications
ability. The populations most at risk
of being left out are low-income con-
sumers, those living in sparsely popu-
lated areas, minority consumers, per-
sons with disabilities and those living in U.S. territories.
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puters and the Internet has grown
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geographical locations,2 significant dis-
pairities still exist among certain seg-
ments of the population. Households
that have experienced the most rapid
growth in access to computers and those with higher
incomes, more education, computers at work, white or Asian backgrounds,
and households headed by persons ages 35 to 50.3 Lagging behind
are younger individuals, those with
lower income and educational levels,
certain minorities and those located in
rural areas and inner cities.
According to the U.S. Department of Commerce’s report entitled Falling
Through the Net: Defining the Digital Divide:


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Black and Hispanic households are approximately two-fifths as likely to have home Internet access as White households, and one-third as likely as households of Asian/Pacific Islander descent.

Regardless of income level, Americans living in rural areas are lagging behind in Internet access. At the lowest income levels, those in urban areas are more than twice as likely to have Internet access than those earning the same income in rural areas.

A child in a dual-parent White household is nearly twice as likely to have Internet access as a child in a White single-parent household. A child in a dual-parent Black family is almost four times as likely to have access as a child in a single-parent Black household.

The Digital Divide in the Financial Services Industry

While the issue of the digital divide may seem far removed from the day-to-day operations of the financial services industry, in truth, the digital divide has a direct impact on the industry. This impact is felt primarily in the areas of customer service and market share. As banks pursue electronic delivery systems as the primary point of interaction with customers, they may be limiting adjacent business opportunities.

For many older Americans, banks forego precious “cross-sell” opportunities by losing the chance to offer home mortgage loans, business loans or other products like insurance. As banks increasingly rely on technology to support business operations, the shortage of high-technology workers in the labor force presents a significant concern. In 1998, the Information Technology (IT) workforce, including workers in IT-producing industries and workers in IT occupations in other industries, totaled roughly 7.4 million workers or 6.1 percent of all workers. While demand for these high-tech workers grows exponentially, the supply has not kept up. In fact, last year alone nearly 346,000 technology jobs went unfilled because of a shortage of domestic workers with the appropriate skills.

In failing to reach unconnected individuals, banks forego precious “cross-sell” opportunities by losing the chance to offer home mortgage loans, business loans or other products like insurance. Finally, another way the digital divide affects all industries, including banking, is through the labor market. Banks increasingly rely on technology to support business operations, the shortage of high-technology workers in the labor force presents a significant concern. In 1998, the Information Technology (IT) workforce, including workers in IT-producing industries and workers in IT occupations in other industries, totaled roughly 7.4 million workers or 6.1 percent of all workers. While demand for these high-tech workers grows exponentially, the supply has not kept up. In fact, last year alone nearly 346,000 technology jobs went unfilled because of a shortage of domestic workers with the appropriate skills.

At the East Palo Alto Community (April 17, 2000).

Staff training is important not only as a means of helping to identify potential abuse, but also in helping staff differentiate between financial exploitation and legitimate situations where family members must act on behalf of their elderly relatives.

Financial exploitation of the elderly and dependent adults is a significant problem affecting millions of Americans across the country. Elderly constitute an increasing segment of our population, and elder financial exploitation and other forms of abuse are occurring at alarming rates as the population gets older and accumulates more wealth. Still, only a small percentage of estimated financial abuse cases are reported each year.

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Though electronic services were developed to expand choices and options for consumers, the opposite is occurring for those who lack the economic means or technical skills to access these services. In addition to not having access to personal savings, checking and loan account information, these individuals also do not have the ability to research other bank products and services. Such lack of access may negatively impact a bank’s market share. As banks pursue electronic delivery systems as the primary point of interaction with customers, they may be limiting adjacent business opportunities.


6 Meeting Workforce Demand; p. 1

7 Meeting Workforce Demand; p. 2.

1 California Department of Finance, Population Projections 1993.
MORTGAGE BROKERS AND LENDERS

by Lena Robinson, Associate Community Affairs Specialist, Federal Reserve Bank of San Francisco

As the name suggests, predatory lending is most often a lending transaction where the victim has been specifically solicited with a loan product that is unfavorable. By itself, this may not be illegal. But a pattern and practice of deceit and/or omission of material facts that results in the victim incurring a transaction that is not in their best interest, may constitute illegal activity. The Federal Reserve Bank of San Francisco, and other regulators, provide the following guidance to help avoid predatory practices. The unfortunate reality is that fraud is usually discovered after the fact. For instance, as a lender, you may detect irregularities in a previous transaction during an attempt to re-finance. Or perhaps as a community development professional helping a client work out a foreclosure you suspect deception in the original transaction. These transactions may be isolated, but if you raise predatory “red flags”, they are probably worth reporting. The most practical opportunity for detection may be during the underwriting process for securitizing brokered loans. The emphasis here is really on industry self-regulation and due-diligence.

The departments that license and regulate mortgage brokers and lenders vary by state. In the Fed’s 12th District, banks also need to be on the lookout, as does the non-depository mortgage broker or lender. Contact information has been provided for the state agencies that regulate this group. Realistically, it is not easy to uncover predatory practices. The unfortunate

One way to alleviate the tremendous demand for workers is to invest in a relatively untapped labor market, LMI individuals. Investments to increase access to technology and provide comprehensive technical training will yield both long-term advantages and significant benefits that reach across all sectors of the economy. Through such investments, companies will gain access to an expanded high-tech work force while individuals will obtain highly marketable skills that will allow them to secure high-paying jobs.

HOW BANKS CAN HELP BRIDGE THE DIGITAL DIVIDE—12TH DISTRICT

Throughout the Fed’s 12th District, banks are working with concerned partners to address the technology needs of their communities. To the extent that these efforts meet the needs of low- and moderate-income communities, banks can earn CRA credit under the investment and service tests. The six initiatives that follow represent unique and innovative approaches tailored to meet the particular needs of their communities. They are seeking bank involvement in three forms: financial grants, donations of time and expertise, and donations of computer equipment and software. While the list is too long to exhaustively enumerate, the initiatives selected represent programs as diverse as the communities they serve and geographically spread across the nine-state district.

A+ Computer Certification Training Program, Samoan Service Providers Association (Honolulu, Hawaii)

Established in 1984, Samoan Service Providers Association’s (SSPA) mission was to provide support services exclusively to the Samoan community in Hawaii. Since then, SSPA has expanded its services to include the Native American, low-income, immigrant and refugee communities. The SSPA A+ Computer Certification Training Program was developed in 1999 because of the scarcity of qualified computer service and repair technicians in Hawaii. The training program is designed to have students become versed in MS-DOS, Windows and identifying all the components of a computer system. Upon completion of a 12-week training course, the students then enter eight weeks of intensive certification training. The 20 weeks of training culminates with successful completion of the A+ Certification test. Last year students in the program refurbished 60 used computers provided by Bank of Hawaii, which were then donated to a computer center for grade school and high school students of Samoan ancestry. Each student who graduates from the A+ program also received a one of the remaining computers. The program is now in its second year.

Contact: David Parrish, Incubator Manager, (808) 842-0218
sspa@hawaii.rr.com
Website: www.samoanserviceproviders.com

Affordable Housing and Business Information Resource Desks, The Indian Walk-In Center (Salt Lake City, Utah)

The Indian Walk-In Center serves approximately 25,000 Native American Indians representing 50 different tribes with services and activities designed to be culturally sensitive and relevant for the urban American Indian peoples and all low-income populations. A relatively new resource under development at the Center is the Affordable Housing and Business Information Resource Desks, a project co-sponsored by the Federal Reserve’s Utah Sovereign Lending Task Force. Using computers linked by an internet, individuals will be able to access information on first-time home buyer programs, Section 8 and small business development.

In the future, the Center plans to include information about the job search process (resume building and employ-ment applications) as well as more comprehensive information on starting a small business (developing a business plan, securing a loan). The Center also plans to hold informational workshops on various technology topics that will be video-conferenced to overcome geo-graphic dispersion and maximize the number of people able to access the information. The Indian Walk-In Center is in need of computer donations and financial grants to be used to hire a full-time staff person to provide technical assistance at the Resource Desks and to purchase additional computers and internet access.

Contact: Thomas Burke, Development Director, (801) 486-4877
burke@emission.com

JobLink: Bay Area Video Coalition

(17) The CyberVillage project is a partnership between the California Department of Finance (Los Angeles, California)

The CyberVillage project is a partnership between the California Department of Finance (Los Angeles EDC) and several agencies and organizations to bring technology to the Somerville Place I and II, a housing community of mostly single heads of households in one of Los Angeles’ poorest communities. In addition to the computers in stalled in each of the 41 family units ranging from two to four bedrooms, the project also consists of the following components: cyberVillage Lab is housed in the Dunbar Hotel, a historically significant

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The Inner-City Cyber Café, Operation Hope (Los Angeles, California)

The Inner-City Cyber Café was developed by Operation Hope through a unique partnership with leading high-tech hardware and software companies. Situated in south central Los Angeles, the Inner-City Cyber Café provides the local community with a computer-accessible, relaxed atmosphere to meet, conduct e-commerce related business and research, hold one-on-one business meetings, and access the Internet. The Café offers 18 cutting-edge technology stations and access to a variety of software, including financial planning software provided by Intuit. Operation Hope will provide the foundation for the Café to become a technology station to encourage financial responsibility. Intuit also provided the TurboTax (software to allow LMI individuals to prepare and electronically file their federal and state tax forms free of charge. Taxpayers with an annual adjusted income of $20,000 or less, as well as anyone filing Form 1040EZ, are eligible for this program. Valuable and needed market research on LMI individuals’ opinions, perspectives and buying patterns will result from the “regular” use of the technology stations in the Cyber Café. Operation Hope will implement an operating and information gathering system that tracks not only specific usage but provides a level of detailed feedback, with the information distributed to manufacturers, technology partners, the media and the community at large.

Contact: Charles Touff, Cyber Café Manager, (323) 290-2410
Website: www.operationhope.org

The Technical Teens Internship Program, Technology Access Fund (Seattle, Washington)

Established in 1996 by a former Microsoft employee and a former Seattle Mental Health Agency employee, the Technology Access Fund (TAF) is a nonprofit agency that provides communities of color access to technology. TAF’s flagship program is the Technical Teens Internship Program (TTIP) which provides both technical skills training and internship placement for 13 to 18 year-olds interested in careers in information technology. Each year in the fall, approximately 40 students enter the eight-month intensive computer “boot camp” where they meet twice a week for three hours to learn computer literacy, extensive Web page development and job readiness skills. Following their rigorous training, the students are placed with local Seattle-based technology companies to pursue eight-week summer internships. This year, students worked with companies like Microsoft, RealNetworks, ShopNow.com and others.

Other programs that TAF offers include TechStart, a newly established program that works with children ages 2-12, their parents, their community agencies and their schools to increase technological awareness; and The Virtual Institute which provides curriculum, technical training and assistance to a consortium of approximately 31 community organizations that have technology components. Organizations include schools, boys and girls clubs, libraries, housing centers, and community centers.

Contact: Ann Spern, Development Officer, (206) 725-9095
Website: www.techaccess.org

A MODEL OF INTEGRATED EFFORT

Because no legislation has made predatory lending a criminal offense, such practices often must be fought indirectly. In fact, according to Supervising Investigator Nicholas Aquino, Los Angeles Department of Consumer Affairs, the most disturbing calls received by the hotline are cases with allegations of abusive lending practices and verbal misrepresentations of loan terms, but few elements of fraud or other criminal behavior. Although many such cases have been successfully tried in the civil courts, consumers hesitate to inculc the legal expense of a civil court battle.

The fraud-fighting partnership is a model of an integrated effort to stop unscrupulous scam artists from stealing home equity, causing homeowners to lose their home in foreclosure, leaving their victims with a pile of legal bills, and causing them substantial stress and misery. In Los Angeles, the collaborative efforts of many players are helping people get back their home equity, prevent foreclosure, put scam artists behind bars, and deter others from entering this line of work.

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The story ends...

Bruce Provan was fortunate to live in Los Angeles. Provan’s case—a clear case of home equity fraud—was the first to be prosecuted by the Task Force. His “friend”—who had abandoned Provan in a motel 90 miles away from home with a bag of groceries and no money, so that he could return and sell the house—did spend some time in jail. Although Provan never got his home back, the man who stole it got his due.

Special thanks to Supervising Investigator Nicholas Aquino of the Los Angeles Department of Consumer Affairs for many lengthy interviews regarding the Los Angeles program. Thanks also to attorneys Manuel Duman, in practice at Dunn and Flanagan, and Ben Diehl of Bet Tzedek Legal Services.
A significant component of predatory lending involves outright fraud and deception, practices that are clearly illegal. The policy response should simply be better enforcement.

— Federal Reserve Governor Edward M. Gramlich
to the Fair Housing Council of New York, April 14, 2000

Legitimate subprime lending

Predatory lending

Predatory lending plus fraud

Home equity fraud

Legitimate subprime lending refers to lending at rates above the prime rate to cover the increased risk and transaction cost of lending to borrowers with non-traditional credit histories or who pose greater credit risk. The premium above the prime rate reflects the increased risk and transaction cost.

The loan structure is related to the borrower’s loan stream and promotes the borrower’s ability to repay the loan.

Lending terms and costs are fully disclosed to the borrower. Borrower’s questions are answered honestly, and all applicable disclosure laws are followed.

Predatory lending typically refers to the abuse of mortgage provisions that are generally desirable. Lending rates are usually substantially above the prime rate and large fees and points are typically charged, added to the principal, and financed as part of the loan.

The total cost of the credit often far exceeds the credit risk; however, sometimes the credit risk is so high that the loan seems to have been made with the expectation of borrower default.

In many cases, loans are originated based only on the equity in the home, without regard to the borrower’s ability to pay.

Many times, the initial loan terms disclosed to the borrower are substantially different in the contract.

Frequently the borrower has little time to review the documents and is pressured to sign quickly without asking questions.

Fraud often accompanies predatory lending, and may be present in a number of ways, since fraud laws vary by local community and statute. Behaviors that constitute fraud vary as well. Practices include falsifying borrower income on loan documents, forging the borrower’s signature, and diverting funds away from the borrower.

Home equity fraud differs from predatory lending plus fraud in that home equity fraud may occur with or without a loan. The circumstances under which home equity is “taken” can vary, but it typically occurs through deception, fraud, forgery, and identity falsification.

For example, one case successfully prosecuted in Los Angeles involved a “borrower” who had forged a deed and was attempting to get a loan secured by the property. The original owner had no knowledge of the forgery or the debt. The lender suspected the forgery and called the Real Estate Task Force, which conducted an investigation and arrested the forger.

Bruce Provan’s case also involved home equity fraud without a loan. Provan was tricked into signing papers that would give another power of attorney.

CARAT was founded in 1995 as a private nonprofit to build capacity within the TA industry in California. CARAT’s creation coincided with the formation of CEDLI, the California Economic Development Lending Initiative, a statewide for-profit multi-bank CDC that specializes in lending to small businesses and community organizations. Although separate organizations, CARAT (the nonprofit TA capacity builder) and CEDLI (the for-profit lender) both evolved out of the same three-year planning process—which involved foundations, community organizations, bank regulators and financial institutions.

From the beginning, one of CARAT’s primary goals has been to develop performance standards for technical assistance providers through the development of a statewide Technical Assistance Certification Program (TACP). We are pleased to report on its progress so far and to share the direction for future action by CARAT and others.

In early 1997, CARAT surveyed 34 banks in California to determine the need for technical assistance certification. Sixty-one percent or 21 banks responded. Fifty-seven percent of the respondents felt there was a need to raise the standards for TA providers and sixty-six percent indicated that a formalized certification would be useful. This initial bank survey resulted in the development of a pilot Technical Assistance Certification Program (TACP) designed to assess the capacity of nonprofits delivering technical assistance to the small business community and identify performance indicators that impact the quality of service delivery. These performance indicators form the baseline standards that will be used to certify technical assistance providers.

Technical Assistance Certification Program (TACP)

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Pilot Technical Assistance Certification Program (TACP)

In this pilot TA assessment program, CARAT performed in-depth evaluations of ten business assistance providers—five in Southern California and five in Northern California—using a customized assessment questionnaire. The question-
Impact of Funding Sources

Organization Overview and Management—including organization background, finances, constraints and allocation of the funding base.

Consulting Services Quality including staffing, service deliverables and products.

Impact of Services—including monitoring results and measuring impact and efficacy of services.

Result Findings and Recommendations

Results of the pilot TA assessment reveal that there are eight performance indicators that determine the ability of TA organizations to fulfill their missions and measurably impact the operating performance of their small business clients. The following section identifies these indicators and offers recommendations for overcoming them. Many of these recommendations provide meaningful opportunities for banks to make a direct investment in their communities in the form of professional TA services. The following section examines the key performance indicators that determine the ability of small business clients with professional TA services to obtain and retain financing. The development and regular use of internship programs with universities and colleges could become an asset to the delivery of business assistance services.

Types of Services Requested and Types of Services Delivered—In organizations with technical assistance as their primary focus, the TA services delivered generally match the types of services requested by small business clients except for Internet and e-commerce. In organizations with operating performance of their small business clients as their primary focus, the TA services delivered are generally a combination of technical assistance and business advice.

Professional Staff/Consultant Skills and Expertise—A variety of staffing arrangements (i.e., full-time staff, part-time staff and consultants) are used to provide small business clients with professional TA services. Providing training that enhances the skills of business counselors would enable TA organizations to attract and retain quality staff. The development and regular use of internship programs with universities and colleges could become an asset to the delivery of business assistance services.

Internal Systems—Standards and Procedures—For the most part, standardized pre-screening tools are used to qualify clients for service delivery eligibility. Initial “best practices” to automate standardized client intake and assessment processes and procedures are underway in a number of the TA organizations. However, the majority of TA organizations do not use standardized forms to for instance delineate scope of service or update client activity and are therefore not able to effectively track the counseling process over time. TA providers can benefit from the automation of their services. Information received would be useful in ongoing case management, client profile analysis and measuring impact.

Los Angeles consumers are urged to call the Real Estate Fraud Hotline to speak with Department of Consumer Affairs staff if they have any questions or concerns about their loan documents. In addition, the department provides counseling, information, referrals, investigation, and mediation of complaints—all free of charge—and conducts outreach programs targeting high-risk groups such as the elderly and homeowners in low and moderate-income neighborhoods. In many predatory lending cases consumers believe they are getting a home equity loan but are, in fact, refinancing. Therefore, L.A. County homeowners are notified that their entire mortgage has been refinanced, leaving them with a substantial outstanding debt that is secured by their home. If criminal fraud is suspected, law enforcement agents and the district attorney begin an investigation, which may lead to criminal prosecution. Additionally, the Department of Consumer Affairs refers complaints against contractors and mortgage brokers to their respective licensing agencies.

Predatory Lending vs. Home Equity Fraud

Predatory Lending Cases

In 1994, a home equity fraud prosecution committee was established, comprising two legal aid attorneys, a deputy district attorney, and representatives of the Department of Real Estate and the Los Angeles County Consumer Affairs Office. Additionally, legal aid attorneys invited law enforcement agencies to participate in a two-day training session. Although these efforts allowed law enforcement to better recognize home equity fraud and conduct more productive investigations, the prosecution model remained flawed. The county’s prosecution model was ineffective, for two reasons. First, many homeowners did not realize they had been scammed until the foreclosure process had already begun. Such cases are difficult to investigate and prosecute because so much time has passed; in some cases, the statute of limitations may have expired. The Real
Fighting Home Equity Fraud and Predatory Lending
One Community’s Solution
by Joan Potter, Research Analyst, Federal Reserve Bank of Cleveland

On a warm, sunny day in Los Angeles, Bruce Provan left his home for the last time. Provan, severely disabled by multiple sclerosis, planned to go away for a few days while some home improvements were completed. A friend from church had graciously offered to find a contractor to “fix up the place a bit” and had even taken care of the paperwork and financing. Provan had only to sign a few documents. He thought he was signing a contract for home improvements— but in fact, he had signed away his home entirely.

Stories of predatory lending like this one appear almost daily in newspapers nationwide. You might guess how the story ends: Provan loses his home, his car, and even his life. Legal? No.

Provan’s misfortune was a case of what is known to produce higher client retention. TA providers would benefit from standardized scope of services and other formal case management procedures to measure client satisfaction and evaluate over time the actual impact of services on the performance of the businesses served.

TACP IMPLEMENTATION
A working group of TA professionals and public and private sector funders has been assembled to develop certification criteria and a certification process. The working group will use the performance indicators outlined above as the platform for developing evaluation procedures to measure client satisfaction and capacity. This certification program will have a decisive impact on identifying and overcoming the constraints TA providers face. That is, banks have a vested interest in encouraging certification and building capacity among TA providers.

This certification program for the ultimate purpose of enhancing the delivery of quality technical assistance services will result in the following:

1. Improved client satisfaction and increased willingness to refer funds to theTA provider.
2. Increased visibility and credibility of the TA provider and the organization.
3. Increased funding opportunities for the TA provider and the organization.
4. Improved positioning of the TA provider and the organization within the market.
5. Improved capacity to provide high-quality services to a greater number of clients.

The working group will use the performance indicators outlined above as the platform for developing evaluation procedures to measure client satisfaction and capacity. This certification program will have a decisive impact on identifying and overcoming the constraints TA providers face.
FEBRUARY 28–MARCH 2

The conference will feature a new case study that will allow participants to work with practitioners to structure a deal.

MARCH 12–14
Rural Voices: Sharing Our Stories sponsored by Rural Community Assistance Corporation: San Diego, CA. Contact RCAC at 916/447-2854 to receive details of conference events or visit [www.rcac.org](http://www.rcac.org).

Training sessions on financing and tax credits for rural communities, housing and community facilities development and Native American community development are the focal point of this conference.

APRIL 5–6

This academic conference offers a rare opportunity to hear Federal Reserve Chairman Alan Greenspan speak to community development practitioners who will be assembled to present and discuss the most timely and sensitive issues related to evaluating CRA, credit scoring, asset building and others. Registration materials are forthcoming. Call (202) 452-3378 if you do not receive a registration packet by mid-February.

MAY 16–19
A Microenterprise Odyssey sponsored by The Association for Enterprise Opportunity: Oakland, CA.

Contact Alan Tin, program manager at 703/841-7760 ext. 29 or via email: atin@assoceo.org.

The Association for Enterprise Opportunity is seeking dynamic presenters and challenging topics for its conference sessions. Suggested topics and themes along with criteria for designing a session are provided on their website: [www.microenterpriseworks.org/conferences/aeo2001/sessions.htm](http://www.microenterpriseworks.org/conferences/aeo2001/sessions.htm). Sessions should be relevant to the microenterprise industry with emphasis on policy, practice, learning and collaboration.

INTRODUCTION:

For the better part of two years, the issue of predatory lending has commanded the attention of bankers, regulators, real estate and community development professionals and consumer advocates. As an issue or practice best characterized as fraud or violations of current consumer protection and lending laws, predatory lending defies easy solutions. Proactive measures are critical in any effort to eliminate this offensive and intractable problem. This article seeks to offer resources and ideas about how you and your organization can play a role in curtailing predatory lending and financial fraud.

Combating predatory lending and financial abuse of elders requires the cooperation of front-line professionals such as bank employees, mortgage lenders and community organization representatives. Tougher legislation, heightened regulatory inspection, consumer education and increased disclosure requirements are not enough to guard against the superior tactics of unscrupulous players. The effort to combat predatory lending and other examples of financial fraud must also involve personal accountability.

For example, personal accountability includes a willingness to report individuals whose unscrupulous conduct poses reputational risk to the industry and, in some cases, nullifies the efforts of legitimate organizations to increase homeownership. Personal accountability includes taking the initiative to report suspected fraudulent and abusive activity targeted at elderly customers. Personal accountability also extends to developing strategies for collaborating with appropriate agencies to create innovative models and best practices. The information and programs that follow will serve as models for how your organization can take such steps.

SAVE THE DATE

The Federal Reserve Bank of San Francisco will host a series of Sovereign Lending Workshops in Arizona, California and Nevada. Leveraging off the success of previous workshops held in the Pacific Northwest and Utah, we will be bringing together bankers, tribal members and government representatives to discuss access to credit and community development issues on tribal lands. The workshops will be followed by ongoing task force meetings. Look for registration materials to arrive in early January. For now, mark your calendar with the date of the most convenient location and make plans to attend.

For more information, please call Craig Nolte, Senior Community Affairs Specialist at (206) 343-3761 or via email: craig.nolte@sf.frb.org.

February 13: Scottsdale, Arizona
February 16: Las Vegas, Nevada
February 21: Palm Springs, California
February 23: Reno, Nevada
February 27: Eureka, California

Introduction by Lena Robinson, Associate Community Affairs Specialist, Federal Reserve Bank of San Francisco

Predatory Lending and Financial Fraud: What You Can Do
SHOULD CRA STAND FOR THE "CREDOLE REINVESTMENT ACT?"

Representatives from the Federal Reserve Banks of Boston, Chicago, Dallas, New York and San Francisco were invited to participate in a series of meetings in England last month to provide information about the United States’ community development industry. The insights and best practices that we shared about community and economic development here and the banking industry’s critical role were received with envy, awe and curiosity.

Due to long-held views about lending in low-moderate income (LMI) communities, there is little bank investment throughout England’s low-income geographies and few, if any specialized loan programs to meet the needs of LMI people. While there is a well-developed nonprofit and local government sector there, it operates independent of bank investment. Money that does flow to nonprofits and foundations is usually in the form of grants with no expectation of return. The investment potential of the inner-city or the “city fringe” is not yet recognized.

As I participated in these meetings in England, I asked myself if the billions of dollars in investment in the U.S. would have happened without a CRA. In many ways, CRA can be credited as the catalyst for expanding access to credit, creating a well-respected community and economic development industry and developing sophisticated models of public/private partnerships that have produced affordable housing, created small businesses and provided a higher standard of living for numerous Americans in low-income areas. Several reports published this year validate the quantitative success of CRA. Many of you have your own stories that also validate the qualitative success of CRA in your communities.

It is clear that CRA has been the motivation many financial institutions needed to consider financing alternatives in low-income communities. Today, many financial institutions speak of the value their various CRA-related programs and products have brought to their institutions; they have made claims of profitability, attraction of new customers and development of new market and product opportunities and they enjoy a positive reputation as a result. While I don’t believe regulation is the final answer to solving a lack of investment in specific communities, I do feel that the CRA has been the primary motivator for the remarkable level of bank investment that has been key in turning these neighborhoods around. The audiences in England were astounded by our stories of loan pools and products designed especially to meet the needs of low-income people. It may not always seem so, but what we are doing here is working and offers inspiration and hope for communities around the world.

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Community Investments December 2000
Editor’s Notebook by Joy Hoffmann Molloy

ID FRAUD VIDEO

As part of our ongoing commitment to consumer education, the Federal Reserve Banks of Boston and San Francisco have released a video on identity theft entitled, Identity Theft: Protect Yourself! The video, which is targeted at consumers, is also a valuable resource for anyone who wants to help consumers understand the issue of identity fraud, how to protect themselves and what to do if they suspect they are the victim of identity theft.

Copies of the 15 minute video are available in VHS Format for a charge of $75.00 each. Video cassette ordered through the Federal Reserve Bank of Boston by calling (800) 400-1533.

SOUTHERN CALIFORNIA MINORITY SMALL BUSINESS ATLAS

This first comprehensive study of minority businesses in Los Angeles and Orange counties presents a snapshot of the challenges and opportunities facing minority-owned small businesses. Results from the survey, which included interviews with more than 1,200 businesses from six of the largest ethnic groups in the area, are reported by ethnicity providing a unique opportunity to understand nuances specific to each group. According to Community Development Technology Center who conducted the survey, the study “could provide a glimpse of the future for other parts of the state and nation, as the population becomes increasingly diverse.”

Visit http://www.cdtech.org to download a PDF version of the study and to learn more about the Community Development Technologes Center, or call (215) 765-2520.

References, Resources & Others

Knight Foundation Publishes Community Profiles

The John S. and James L. Knight Foundation has released new community profiles as part of its Community Indicators Project. Drawing on local, state and national data sources, these profiles document more than 70 quality-of-life measures for each community profiled, covering children and families, education, literacy, economic development, housing, citizenship, and arts and culture. Examples of community profile information include outcome measures such as high school graduation rates and infant mortality rates and context measures such as median household income and the number of police officers per 1,000 population. Two communities in the 12th District were profiled: San Jose and Long Beach, California. The profiles are available on the Knight Foundation website at: www.knightfdn.org.

CRA101: TRAINING FOR PARTNERSHIP

Enhanced communication and more effective agreements are just two of the benefits that can accrue when organizations that represent community constituency understand the business environment of their financial institution partner. CRA 101 was developed to provide a basic understanding of the Community Reinvestment Act and how it affects the way banks conduct business in the communities they serve. The 35-side power point presentation is a flexible training tool that has been used by banks, community-based organizations and even a community college course.

Download your copy directly from the community affairs section of the San Francisco Fed’s website: http://www.frbsf.org/publications/index.html#commaff
Happy Holidays from the Community Affairs Staff

Free subscriptions and additional copies are available upon request from the Community Affairs Unit, Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, California 94105, or call (415) 974-2978.

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