

## **MEDIA RELEASE**

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### **Conference of State Bank Supervisors**

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### **Massachusetts Commissioner of Banks Antonakes Testifies on the Community Reinvestment Act**

WASHINGTON—Steven L. Antonakes, the Commissioner of Banks for the Commonwealth of Massachusetts, testified on behalf of the Commonwealth of Massachusetts before the House Financial Services Committee this morning on “Proposals to Enhance the Community Reinvestment Act.”

In his testimony, Commissioner Antonakes lauded the Community Reinvestment Act (CRA) as “the most significant of all banking laws” to eradicate loan disparities between white and minority borrowers. Nevertheless, Commissioner Antonakes continued, more must be done to address these lending disparities. “More so than ever before,” Antonakes said, “access to sustainable homeownership opportunities in low- and moderate-income neighborhoods will be essential.”

Massachusetts is a widely acknowledged leader in the CRA arena. Even before enactment of the federal CRA law in 1977, Massachusetts had adopted community reinvestment standards for its supervised institutions. Additionally, Massachusetts has expanded coverage of the CRA to credit unions, and most recently, to non-bank mortgage companies.

Commissioner Antonakes stated it is an appropriate time to consider how CRA can be modernized to make it more effective in the years ahead, and urged Congress to consider the following:

- **Require affiliate lending to be reviewed.** Current CRA regulations allow banks to only have their “good” loans considered for CRA ratings and can shield their “bad” loans in an affiliated institution. Congress and the federal regulators should close this loophole and require all lending by affiliates to be included in the review of a bank’s CRA performance.
- **Increase review standards for the largest institutions.** The scope and frequency of CRA examinations should be commensurate with a bank’s market share. Therefore, a significantly more robust annual examination process should be undertaken for the top 20 bank lenders in the country. Inconsistent implementation of the federal CRA law is one more area in which the nation’s community banks are held to a different standard than the nation’s largest institutions.
- **Downgrade banks that originate unsustainable home mortgage loans.** Congress should amend the federal law so the origination of unsustainable loans has an adverse impact on a bank’s CRA rating.

- **Mandate the evaluation of loan modification efforts.** CRA could be utilized to measure the pace, number, and quality of loan modifications. This would provide greater incentive for banks to more aggressively act to avoid unnecessary foreclosures.
- **Downgrade banks whose partnerships harm the underbanked.** Congress and regulators should hold banks accountable for activities that harm unbanked or underbanked consumers. The spirit of CRA embodies an accessible banking industry which promotes savings and increased credit opportunities to promote upward economic mobility.

Finally, Commissioner Antonakes recognized that some believe CRA was a significant contributor, or even the cause of the economic crisis by encouraging banks to sacrifice underwriting standards to increase homeownership opportunities. Commissioner Antonakes strongly disagreed with this assertion, calling the contention “completely without merit.”

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*Steven L. Antonakes has served as the Commissioner of Banks since December 2003. He oversees nearly 260 state-chartered banks and credit unions holding total combined assets of approximately \$225 billion. In addition, his agency licenses and examines over 5,000 non-bank financial entities, including mortgage lenders and brokers, check cashers, small loan companies, finance companies, and debt collectors. He also serves as the Secretary of the Conference of State Bank Supervisors (CSBS) and serves as a founding member of the Board of Managers of the CSBS States Regulatory Registry LLC, which is charged with developing and implementing the Nationwide Mortgage Licensing System (NMLS).*

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