



America's Financial Crisis: An Urgent Agenda for the President and Congress

The California Reinvestment Coalition sees the current federal response as scattershot, irresponsible, and too voluntary. A comprehensive solution must address: 1) foreclosure prevention; 2) housing assistance; 3) access to fair credit for small businesses and consumers; 4) a strong regulatory framework.

I. Foreclosure Prevention

- **Enact an Immediate Six-Month Moratorium on Foreclosures**

The moratorium should be in effect for at least 180 days to allow borrowers to work with counselors, loan servicers and lenders.

- **Require Long-Term, Sustainable Loan Modifications**

A loan modification program should have a fixed, lowered interest rate for 30 years and principal reductions. Eligibility should include borrowers at risk as well as those already in default.

- **Reform the Bankruptcy Code**

Allow bankruptcy judges to modify loans on primary residences, as they currently do with investment properties and vacation homes.

II. Housing Assistance

- **Protect Renters**

Tenants often pay their rent only to discover later that the property has been foreclosed upon and they are being forced to leave. Evictions should be prohibited for a six-month period to give tenants time to recover their deposits and relocate.

- **Allow Community Developers Access to Re-possessed Houses**

Additional affordable housing could be developed by giving nonprofits a right of first refusal on foreclosed bank-owned properties. Federal lending to states and municipalities as part of the economic stimulus plan should also be directed into developing and preserving affordable housing.

- **Help Mortgage Counselors Be More Effective**

Increase support to HUD-sponsored counseling agencies and legal services offices to provide assistance to troubled borrowers as well as pre-purchase education for new home buyers.

III. Access to Credit for Small Businesses and Consumers

- **Fix the Troubled Assets Relief Program (TARP)**

Financial institutions that receive TARP funds must be required to offer sustainable, affordable loan modifications as well as broad access to credit. The FDIC proposal to use TARP funds to address the foreclosure crisis should be adopted.

- **Support Small Businesses**

Banks receiving taxpayer support must offer reasonable access to credit for small businesses and consumers as well as support for community-based development corporations' lending resources.

IV. Regulation and Oversight

- **Strengthen the Community Reinvestment Act**

Increase scrutiny of a financial institution's community reinvestment activities including the impact of race and ethnicity. Extend CRA to every institution engaging in financial activities, and require reinvestment where they do business whether they have branches there or not.

- **Restrict Mergers Without Public Comment**

- **Eliminate "Regulator Shopping"**

- **End Federal Preemption of State and Local Oversight**