

War Room: Addressing the Financial Crisis



A REFLECTION ON STRATEGIES

The Problem: Foreclosures

- Foreclosure losses among African American and Latino subprime borrowers due to foreclosure represent 46% of all losses (but only 27% of the population)
 - \$213.1 billion loss out of a total of \$462.2 billion
 - Proportion of African-American and Latino borrowers denied loans has risen (2008 HMDA)
 - Latinos and African Americans received high-cost loans at a rate two to three times that of White borrowers

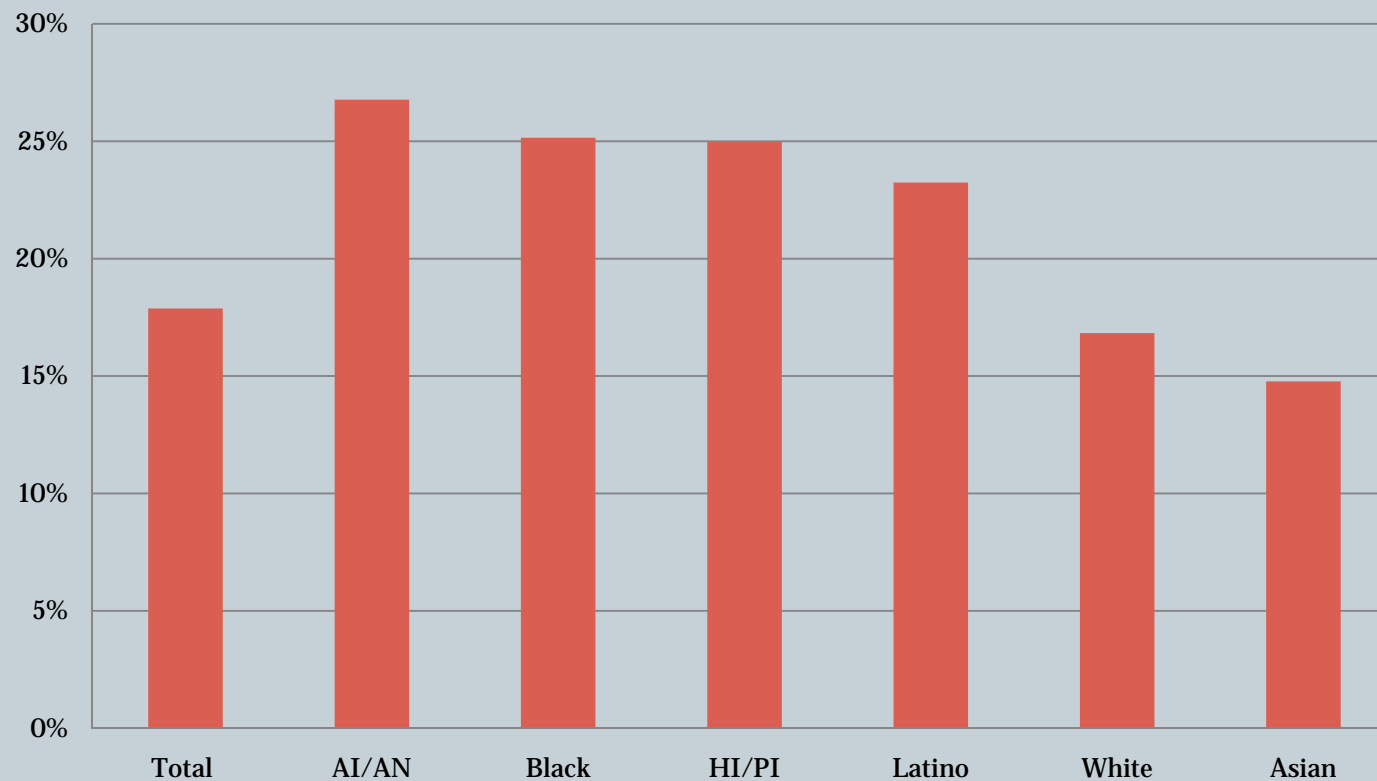


The Problem: Unemployment



- As of Nov. 2009 :

Unemployment by Race



The Problem: Asset Inequality

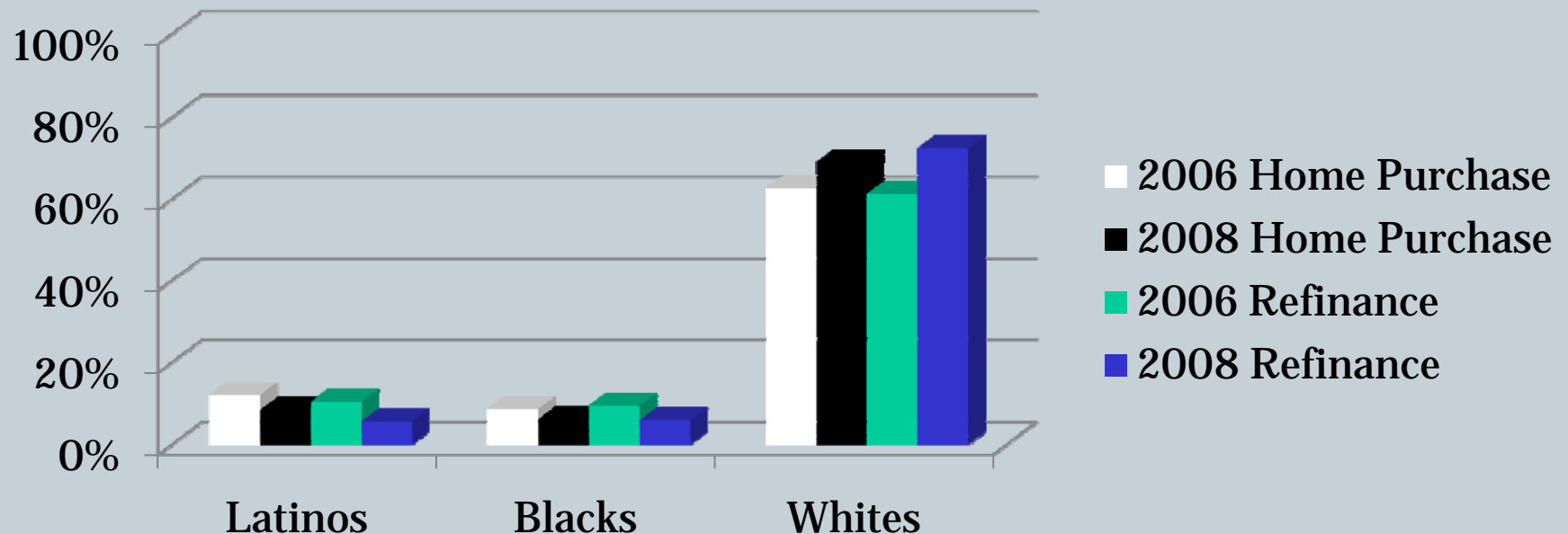


- 25 million households in America do not have bank accounts: 46% are Black and 34% are Latino
- Half of all minority children have no significant savings
- Asset poor: 16.4% of Whites vs. 37.2% of people of color
- Payday lenders are 8 times more concentrated in California's Black and Latino neighborhoods

The Problem: Access to Credit



- Home lending in general is down 34% from 2007 and down 50% from 2006
 - Currently, 49.1% of all Latinos own their homes, a drop of 1.8 million Latino homeowners
- Market Share



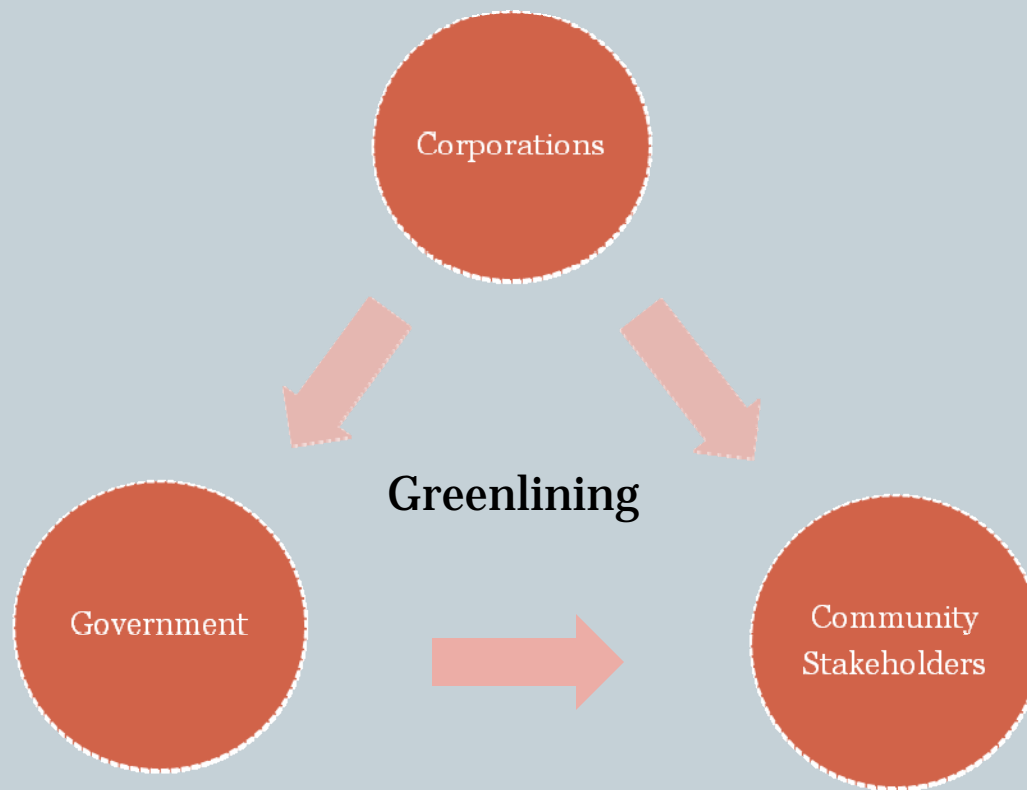
The Problem: Access to Credit



- **2008 SBA Data**
 - 30.3% decline in total number of SBA-backed loans; 39.9% in CA
- **SBA Lending by Race- Percentage Decline**

Race	Total Loans	Loans in CA
Latino	45.3%	48.4%
Asian American	30.8%	40%
African American	19.7%	20.8%

Greenlining's Response



GL's Response with Corporations

- Met with CEOs of major financial institutions
- Workforce training commitments with major utilities.
- Engaged new corporations



Anatomy of a CRA Agreement



- **Housing**
 - Foreclosure assistance
 - New loans for first-time homebuyers
- **Small Business**
 - Increased lending to small businesses
 - Technical assistance support
 - Increased contracting with minority businesses (supplier diversity)
 - Utilize ethnic media
- **Philanthropy**
 - Increase commitment to California

Challenges



- Consolidation of financial institutions reduces our leverage
- “Emergency” mergers and acquisitions leave community groups with no opportunity to intervene
- Rapid turnover of bank executives
- How do we continue to hold banks accountable once they have returned TARP funds?

Greenlining's Response in DC

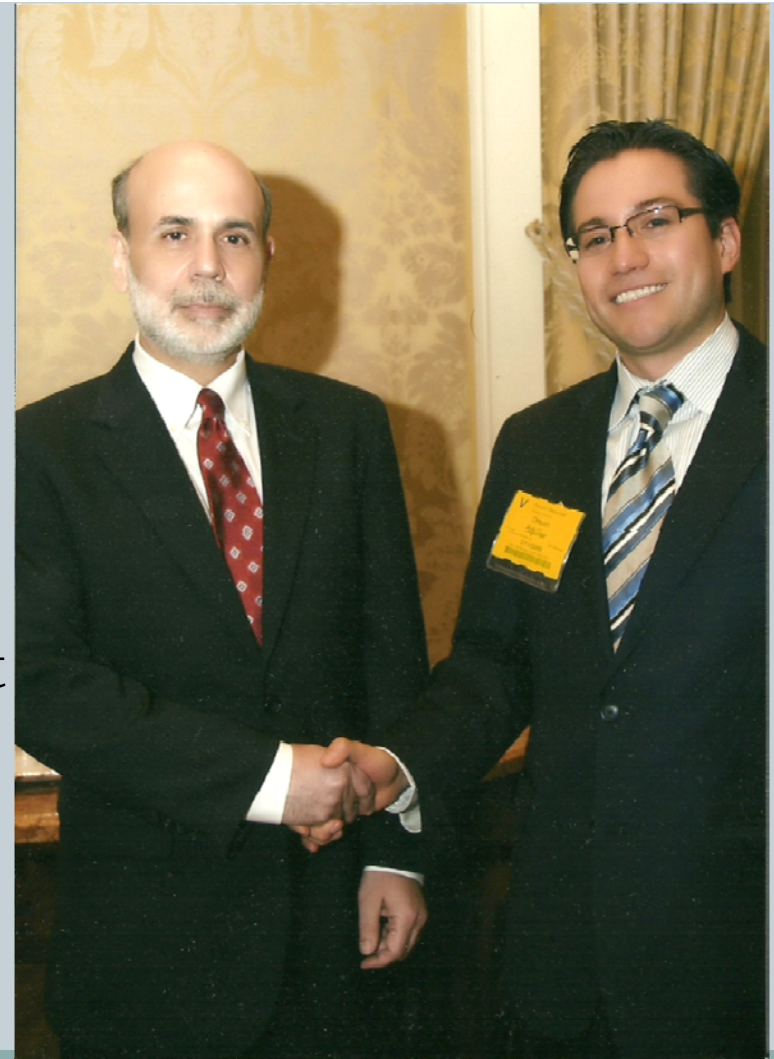


- **Joined Americans for Financial Reform**
- **Encouraged the current regulators to champion issues that empower communities of color**
- **Engaged Congress**



Greenlining's Response in DC, contd.

- Participated in panels on access to credit for minority-owned small businesses
- Advocated to have all types of consumer financial services, including insurance, addressed through federal regulation.
- Met with White House officials to discuss economy, housing, and credit issues
- Asked President Obama to ensure that ARRA dollars are allocated equitably to minority-run businesses



Challenges



- Lobbyists have larger budgets
- Senate shows little interest in receiving community input
- Lack of “leverage” with Representatives and Senators from other states
- Political pressure against CRA

Greenlining's Response with the Community



- Led a march against the major banks on MLK Day- “Billions for Banks, What’s in it for Taxpayers?”
- Coordinated working groups with major banks and utilities:
 - Supplier diversity
 - Media diversity
 - Environmental initiatives
 - Consumer products
 - Small Business support

Challenges



- Limited resources
- Augment research capacity
- “Silos” within the nonprofit field
- Need to engage youth on banking issues
- Corporate influences creates wedges in nonprofit sector

Strategies Moving Forward



- Coordinate better with allied groups
- Engage grassroots
- Augment research.

Recommendations



- Preventing Foreclosures
- Providing Opportunities for Minority Owned Enterprises
- Increasing Diversity in Corporate Governance
- Modernizing the Community Reinvestment Act
- Closing the Gap in Financial Products and Services for Low-Income Communities
- Increasing Philanthropic Investments in the Hardest-Hit Communities