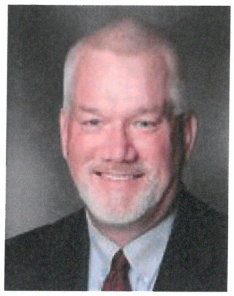
The Heidelberg School of Business (HSB) - Federal Reserve Bank of Cleveland (FED) announces its biannual discussion series on the ***State of the Economy***.

The Heidelberg School of Business

presents

Mr. Paul Kaboth, Vice President



Federal Reserve Bank of Cleveland

discussing

Community Reinvestment Act (CRA) and Community Economic Development

Tuesday, February 4, 2014 -- 8:00 to 10:00 a.m.

Coffee: 8:00-8:30 a.m.

Presentation: 8:30- 9:30 a.m.

Q & A: 9:30-10:00 a.m.

Heidelberg University Adams Hall

Video Conference Room 401

Congress enacted the Community Reinvestment Act (CRA) in 1977 to encourage federally insured depository institutions to lend in low- to moderate-income (LMI) neighborhoods and to low- to moderate-income individuals. Subsequently, CRA was substantially revised in 1995 and updated in 2005. Since its inception, the profitability of the many special lending programs designed to achieve these goals has been questioned on both theoretical and practical grounds. While CRA requires banks and thrifts to "help meet the credit needs of communities in which they are chartered," it further cautions that these efforts should be "consistent with safe and sound operations of such institutions." Despite the "safe and sound" caution, questions about the risk and overall profitability of CRA lending persist. Many perceive CRA lending to be risky business, with higher losses and lower profits. However, anecdotal evidence suggests that losses on CRA loans may not be appreciably different than for non-CRA loans, and some institutions report their CRA lending is profitable. CRA rating of financial institutions by the bank examiners is a critical component of bank's performance evaluation. On the other hand, community development activities of financial institutions encompass community development loans, community development investments (such as grants to organizations promoting affordable housing, economic development, economic empowerment, and low income housing tax credits), and community development services (such as low-cost checking and remittance services, credit counselling, school savings program, technical assistance, and credit counselling) . In meeting the needs of community credit needs, financial institutions are engaged in affordable housing and community services for

low-or-moderate-income (LMI) individuals and economic development by providing financing for small businesses or small farms that meet the SBA and SBIC eligibility requirements. CRA has also been expanded to support HUD's Neighborhood Stabilization Program (NSP). ***Let's get an update on the current status of this important legislation and its impact on our local economic development through community development corporations (CDCs) and other organizations whose primary purpose is to help meet the credit, housing, and economic development needs of low- and moderate-income communities.***

Seating is limited and will be reserved on a first come, first serve basis. In order to confirm your participation, please respond to the e-mail stating your name and the names of any guests that will be joining you. If you prefer to contact us by phone, please contact Ms. Deanna Laubis at (419) 448-2280. Upon making a reservation, a campus map and parking information will be sent to you by e-mail or fax.

Sincerely,

Dr. Haseeb J. Ahmed
Dean of the Heidelberg School of Business (HSB)