

N A A H L

NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS

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Letters to the Editor
Wall Street Journal
200 Liberty Street
New York, N.Y. 10281

To the Editor:

Edward Pinto's commentary, "Acorn and the Housing Bubble, November 12, 2009," ludicrously strings together a series of completely unrelated "statistics" in his attempt to explain how the housing market, Wall Street, and the American economy went bust. It calls to mind the old expression that "there are lies, damn lies, and then there are statistics."

But this effort to rewrite history and blame a successful 32-year old law, the Community Reinvestment Act (CRA), for the extreme rise of subprime lending from 2004 to 2007 and the mortgage meltdown is a myth that has already been debunked by, among many others, Republican appointees to the bank regulatory agencies. The Federal banking regulators and the conservative Heritage Foundation are all on the record stating that CRA had nothing to do with the mortgage meltdown; what really happened is unregulated mortgage lenders flooded the market with subprime and other high-cost home loans that have proven unsustainable.

In fact, if there had been more CRA lending, we would have been better off, since CRA mortgages are conventional loans originated by regulated lenders. Over the past 30 years, community investment practitioners, both for-profit and nonprofit, have lent and invested billions in private capital in low and moderate income communities, financing good homes that continue to be affordable.

I won't defend Fannie Mae or Freddie Mac, who clearly manipulated the system by getting "affordable goals" credit from HUD for securitizing billions in subprime mortgages. They did this in spite of, not because of, Congressional intent. And I certainly can't speak for Acorn's activities.

I can and will defend CRA's reputation, especially from the charge that CRA lending is linked to the GSEs' receiving "affordable housing goals" credit, a surprising statement to our members, the nation's leading CRA lenders, who tried for years to sell CRA-credited, responsible mortgages to Fannie Mae and Freddie Mac, but to no avail.

Sincerely

Judith A. Kennedy
President and CEO

