

For immediate release

March 12, 2007

Consumer Alert: Solicitations Regarding "CRA Program"

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision ("the agencies") have received inquiries and complaints from consumers who received particular types of solicitations. The solicitations suggest that there is a "Community Reinvestment Act (CRA) Program" that entitles certain homeowners to cash grants or equity disbursements. Some of these solicitations may be read to indicate that the agencies endorse or support the offers they contain.

These solicitations appear to be a deceptive effort to encourage consumers to apply for a mortgage loan secured by the consumer's home. The agencies do not endorse or sponsor mortgage loan programs. Additionally, the federal law known as CRA does not require programs as described in the solicitations, nor do such programs exist. The agencies caution the public about loan solicitations or other offers from lenders or mortgage brokers that offer consumers cash as part of a "Community Reinvestment Act (CRA) Program."

The Community Reinvestment Act is a federal law that was enacted in 1977. It encourages depository institutions to help meet the credit needs of their communities, including low- and moderate-income neighborhoods, in ways that are consistent with safe and sound banking operations. The CRA does not entitle individuals to any grants or loans.

Consumers should be very suspicious of conducting business with lenders or mortgage brokers that make deceptive claims. Individuals who are considering taking out a loan using their house as security are urged to shop around. Comparing loan programs offered by a variety of different lenders can help consumers get a better deal. This online pamphlet, issued by the agencies, *Looking for the Best Mortgage: Shop, Compare, Negotiate*, contains useful information about shopping for home loans:

http://www.federalreserve.gov/pubs/mortgage/mortb_1.htm

Questions may be directed to crahelp@frb.gov or the CRA Assistance Line at (202) 872-7584.