

Resolution No. 12

Date: January 23, 1997

City: Houston, TX

NAHB Resolution

Title: Preserving a System of Locally Based Depository Institutions
Original Sponsor: Housing Finance Committee

WHEREAS, the advent of interstate banking is producing significant consolidation in the banking and thrift sector, which has reduced the number of smaller, locally based institutions;

WHEREAS, smaller, locally based institutions have been a key source of consumer (including mortgages) and small business (including housing production and community development) loans needed in the community;

WHEREAS, Congress is considering changes to the bank and thrift charters that would allow these institutions to enter into many new activities and affiliate with firms outside of the banking sector;

WHEREAS, Congress also is considering consolidation of the banking and thrift regulatory agencies;

WHEREAS, banking consolidation and the availability of additional financial activities and other types of business activities will divert institutions' focus from consumer and small business finance;

WHEREAS, banking consolidation and interstate banking have reduced the availability of liquidity to smaller banks and thrifts from larger banking institutions, which are now competing with former smaller correspondent institutions;

WHEREAS, the Community Reinvestment Act (CRA) was intended to encourage larger lenders, among others, to provide adequate sources of capital for smaller underserved communities, neighborhoods, and populations;

WHEREAS, CRA has not functioned as efficiently as intended;

WHEREAS, the Federal Home Loan Bank System's mission is to provide liquidity for institutions focusing on consumer, housing, community development, and small business lending;

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge Congress to preserve a system of locally-based insured depository institutions to meet consumer (including mortgage) and small business (including housing production and community development) financing needs,

BE IT FURTHER RESOLVED that NAHB urge Congress to maintain a unit with housing finance expertise and data collection responsibilities within any streamlined bank regulatory structure, and

BE IT FURTHER RESOLVED that NAHB urge Congress to revise the Federal Home Loan Bank System's eligibility requirements for System membership and borrowing to improve the System's capacity to provide liquidity support for smaller, locally-based member institutions., and

BE IT FURTHER RESOLVED that NAHB oppose legislation on the expansion of non-traditional bank powers unless such legislation provides for the preservation of a system of locally based depository institutions.

Board of Directors Action:

Joint Executive/Resolutions Committee Action:

Resolutions Committee Action:

Federal Governmental Affairs Committee Action:

Housing Finance Committee Action:

Approved

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval