

Press Releases

April 4, 2007

OTS 07-022 - Consumer Alert On "CRA Program" Solicitations

Office of Thrift Supervision

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For further information

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OTS 07-022

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Consumer Alert On "CRA Program" Solicitations

Washington, D.C. The Office of Thrift Supervision (OTS) issued a consumer alert to address inquiries and complaints from consumers who received home mortgage solicitations suggesting 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 OTS endorses or supports the offers they contain.

OTS wants consumers to understand that the agency does not endorse or sponsor mortgage loan programs. The federal law known as the Community Reinvestment Act does not establish programs as described in the solicitations, and such programs do not exist. The CRA 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 shop around when they consider taking out a loan using their house as security. Comparing loan programs offered by a variety of lenders can help consumers secure the best product for their needs. Consumers may wish to view an online pamphlet, "Looking for the Best Mortgage: Shop, Compare, Negotiate," which contains useful information about shopping for home loans: www.federalreserve.gov.

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.