January 27, 2020

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

To Whom It May Concern:

(Name of organization or individual) opposes the proposed changes to the Community Reinvestment Act (CRA) regulations, more specifically the 4 Key Areas of Change, as misleading and menacing to the attainment of banking products and service for low-to-moderate income individuals and geographies (LMI/LMIT). Dramatically reducing the focus of the CRA to LMI communities, which is inconsistent with the origin of the regulation, ultimately resulting in fewer loans, investments and services to low-to-moderate income individuals and communities.

(Insert a couple of sentences about your experiences living in and/or serving underserved communities and how you would be impacted by discouraging banks from focusing on people with low-to-moderate incomes. In addition, please add in your experience into the paragraphs below.)

The Notice of Proposed Rule Making (NPRM) would allow CRA credit for banks that provide retail loans, investment and services for qualifying activities that support partially or primarily LMI/LMIT, where partially served LMI/LMIT would garner banks pro-rated CRA credit based on the dollar value. This dangerously lowers the bar for impactful work to be done in LMI/LMIT neighborhoods where revitalization strategies currently stabilize communities through affordable housing and economic development.  This proposed evaluation system would inflate the CRA credit that banks receive while decreasing the responsiveness of banks to local needs.

The NPRM would add financing large infrastructure such as hospitals or bridges as CRA eligible activity. Even financing “athletic” stadiums in Opportunity Zones would be an eligible activity. The NPRM would define small businesses and farms as having higher revenues, increasing the limit from $1 million to $2 million for small businesses and as high as $10 million for family farms.

The NPRM propose a one ratio measure that would consist of measuring CRA qualified dollar amount investments divided by deposits. This ratio measure would likely encourage banks to find the largest and easiest deals anywhere in the country. The NPRM also allow added the submission of “Letters of Intent” to lend and “Loan Losses” banks accrue as qualifying CRA investment, instead of focusing on the needs in local LMI/LMIT communities.

The agencies would dramatically lessen CRA’s focus on LMI communities in contradiction to the intent of the law to address redlining. The definition of affordable housing would be relaxed to include middle-income housing in high cost areas. In addition, the NPRM would count rental housing as affordable if lower-income people could afford to pay the rent without verifying that lower-income people would be the tenants. Ultimately reducing the amount of LMI homeowners and LMI households in low-to-moderate census tracts.

We do not support banks gaining CRA Credit for providing financial literacy services to consumers at any income level. While we agree that being financially literate is important for everyone, allowing banks to gain CRA credit for services provided to any income level negates the reason the CRA was originated which is “meeting the banking needs of consumers, including those of low-to-moderate income and low-to-moderate income geographies.”

The NPRM proposes to allow CRA credit for investments in underserved populations in accordance to the new definition as a population size that is small, doesn’t have a banking center and distant from a metropolitan area. We need banks to spur the economy in areas that are being disinvested in and that does not mean a small community, it means a low-to-moderate income communities losing resources and its ability to have a viable eco-system.

While the NPRM recognizes the changes in the banking industry such as the increased use of online banking, the NPRM’s reforms to the geographical areas on CRA exams are problematic and would reduce transparency. Neither the agencies not the public can evaluate the agencies’ proposal to designate additional geographical areas on exams in the case of internet banks due to the lack of publicly available data. The public does not have a fair chance to offer comments on the effectiveness of significant proposed changes whose impacts are unknown.

Instead of weakening the CRA, the agencies must enact reforms that would increase bank activity in underserved neighborhoods. The agencies do not address methodologies to collect data that affirms the impact in low-to-moderate income communities from CRA qualifiable lending, investment and services. Methods that would give more weight to community comments in the performance context and requirements that agencies interview more community partners. The creation of a new metric that provides CRA credit for outcomes in LMI/LMIT due to the CRA qualified community development activities.

The FDIC and OCC need to discard the NPRM, and instead work with the Federal Reserve Board and propose an interagency rule that will reinforce the progress achieved under CRA instead of reversing it.