



Board of Governors of the Federal Reserve System
20th Street and Constitution Ave. NW
Washington, DC 20551

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

July 28, 2022

Re: Community Reinvestment Act Proposed Rulemaking

Federal Reserve: Docket No. R-1769; RIN 7100-AG29
FDIC: RIN 3064-AF81
OCC: Docket ID OCC-2022-0002

Dear Agencies,

Thank you for the opportunity to comment on the joint Notice of Proposed Rulemaking by the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (the agencies) to amend the regulations implementing the Community Reinvestment Act (CRA).

Consumer Action¹ acknowledges and appreciates the significant work and improvements that are presented in this proposal. We will briefly suggest additional recommendations to this important set of proposed changes.

Consumer Action supports the agencies' proposal to include online lending in examinations by creating assessment areas when a bank has issued 100 home loans or 250 small business loans, where there are no bank branches. Incorporating this data into a bank's CRA evaluation will help reduce inequities and make lenders more accountable to serving low-and-moderate income communities.

¹ Consumer Action has been a champion of underrepresented consumers since 1971. A national, nonprofit 501(c)3 organization, Consumer Action focuses on financial education that empowers low to moderate income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers and regulators to advance consumer rights and promote industry-wide change particularly in the fields of consumer protection, credit, banking, housing, privacy, insurance and telecommunications. www.consumer-action.org

In addition to expanded geographical areas, Consumer Action supports the proposal to collect new data on deposits, auto loans and community development activities. We would request that this data be collected from all large banks and be made available for public review. We agree with Acting Comptroller Hsu that the agencies should hold frequent public hearings on large bank mergers, and we would ask that that all comments regarding CRA performance be made publicly available on agency websites.

CRA was passed to ensure that banks address the needs of their communities and reduce the scourge of redlining. We would endorse the collection and analysis of data on race and ethnicity to help alleviate today's continued disparities in loan denials. We would also support the creation of a racial discrimination assessment process as part of a CRA exam. Evaluation of racial data can help encourage lender investment in redlined communities and play a role in overcoming discrimination.

CRA ratings should be more rigorous. Examiners should be able to distinguish the truly satisfactory banks from the borderline or below lenders. With 90% of banks receiving a satisfactory rating, that is not occurring now. Using performance ranges on the large bank retail lending test should help.

Consumer Action would encourage the agencies to study the quality of lending by analyzing delinquency and default rates. Evaluations of banks' partnerships with non-banks that sell high-cost loans that exceed state rate caps should factor into a bank's rating. If a certain percentage of bank business is derived from unaffordable loans the bank's CRA rating should suffer.

We do not support increasing the threshold for small and intermediate bank assets. As proposed, it would reduce the level of CRA responsibility by 20%. This would be especially harmful to rural communities where community reinvestment would decline significantly.

Consumer Action endorses additional rigor for tests beyond large bank lending, seeks expansion of public data reporting, public input, and collection and evaluation of race and ethnicity data as part of the CRA exam process.

Thank you for considering our suggestions.

Best,

Ruth Susswein
Deputy Director, National Priorities
Consumer Action