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James P. Sheesley  
Assistant Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20429

August 3, 2022

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations, FDIC RIN 3064-AF81

Dear Assistant Executive Secretary Sheesley:

As a non-profit organization focused on consumer equity and inclusion, Consumers Council of Missouri has reviewed the FDIC's notice of proposed rulemaking that would amend the regulations implementing the Community Reinvestment Act. We agree that updated CRA regulations are necessary not only to strengthen the achievement of the core purpose of the statute but also to enable banks to adapt to changes in the banking industry. We support increasing the rigor of CRA exams and ratings and believe that this process may lead to more bank investment in certain neighborhoods of St Louis where banks have been historically less likely to process loans.

Consumers Council is disappointed, however, that the proposed rules do not fully address the quality of credit and deposit products. Enabling consumers to access credit and banking is not meaningful if the products are expensive and out of reach for borrowers with low incomes, resulting in a greater likelihood of delinquency and defaults. Moreover, the proposed rules do not indicate whether CRA exams will regulate a third-party out-of-state bank's partnerships with entities such as payday loan lenders. These partnerships are often created to evade state limits on high payday loan interest rates and fees, ensnaring consumers in a cycle of unsustainable debt.

Making quality credit and deposit products available to all income levels is a health and safety issue. Our organization helped create the nation's first list of alternatives to payday lenders required to be distributed by payday lenders. We believe that allowing these entities to evade regulation is harmful to consumers. Poverty has long caused many to struggle to pay their bills. In these inflationary times, even more Missouri families can no longer keep up with the costs of daily living. These problems are compounded when payday lenders have the opportunity to take advantage of consumers.

We also urge the FDIC to include ethnicity and race in CRA exams. As a collaborator with the St. Louis Equal Housing and Community Reinvestment Alliance and the National Community

Reinvestment Alliance (NCRC), Consumers Council is aware of continuing disparities in the processing of home loans in predominantly Black neighborhoods in the St. Louis Metropolitan Area. It is our understanding that CRA places an affirmative obligation on the nation's banks to meet the credit needs of the *entire community* in which they are chartered. We believe that examining lending by race and ethnicity in neighborhoods experiencing ongoing discrimination will address the persistent racial disparities that impact health, safety, quality of life, and the accumulation of wealth.

Consumers Council urges you to incorporate the concerns of housing and consumer protection agencies across the country to address the quality of banks' credit and deposit products, to prevent predatory payday loans, and to incorporate race in CRA exams. We thank you for your consideration of our comments.

Very truly yours,

A black rectangular redaction box covering the signature of Sandra Padgett.

Sandra Padgett  
Executive Director, Consumers Council of Missouri