

DEPARTMENT OF THE TREASURY  
Office of the Comptroller of the Currency  
12 CFR Part 25  
Docket ID OCC-2022-0002  
RIN 1557-AF15  
Chief Counsel's Office  
Attention: Comment Processing  
400 7th Street, SW, Suite 3E-218  
Washington, DC 20219

FEDERAL RESERVE SYSTEM  
12 CFR Part 228  
Regulation BB  
Docket No. R-1769  
RIN 7100-AG29  
Ann E. Misback, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

FEDERAL DEPOSIT INSURANCE CORPORATION  
12 CFR Part 345  
RIN 3064-AF81  
James P. Sheesley,  
Assistant Executive Secretary  
Attention: Comments RIN 3064-AF81  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Comments from the Massachusetts Affordable Housing Alliance  
on proposal to amend regulations implementing the Community Reinvestment Act  
August 1, 2022

The Massachusetts Affordable Housing Alliance (MAHA) appreciates the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding updating the Community Reinvestment Act (CRA). This NPR represents the most significant changes to the CRA regulation and exams in 27 years.

MAHA's mission is to educate first time and first generation homebuyers and homeowners, and to mobilize our graduates and communities to break down barriers to homeownership and close the racial wealth and homeownership gaps in Massachusetts. MAHA has graduated over 40,000 people from our award winning homebuyer, homeowner, landlord, and condo owner

classes, including over 5,200 in the last 24 months. 80% of our class participants are people of color, with most earning less than 80% of Area Median Income.

In 2019 we launched STASH (Saving Toward Affordable Sustainable Homeownership) - a first-in-the-nation matched savings and support program for homebuyers whose parents have not owned a home in the US. First generation homebuyers first graduate from our 12-hour Homebuying 101 class. Then they enroll in STASH for another 1-3 years of financial coaching, saving, and preparation for homeownership. To date 96% of STASH participants have been people of color. 81% are female, 65% are female heads of household, and 59% have children under the age of 18.

Finally, we staff a grassroots Home Buyers Union and a statewide Homeownership Action Network whose members encourage banks, developers, insurance companies, and elected officials to increase affordable homeownership investment in lower income neighborhoods, and particularly in communities of color.

The ONE Mortgage Program – the most affordable mortgage program in Massachusetts – is one of MAHA’s most important accomplishments. Launched in direct response to a 1989 Federal Reserve Bank of Boston study documenting racial disparities in mortgage lending in Boston, the program has expanded statewide and evolved over the past 32 years. It works because low- and moderate-income people of color helped design it and continue to partner with lending institutions and government agencies to ensure that it meets the needs of our communities. Participating lenders make significant contributions to affordability. Additional state and local government resources make the loans even more affordable and accessible to homebuyers.

MAHA was a leading proponent of state legislation passed in 2007 that extended community reinvestment requirements to certain nonbank mortgage companies operating in MA. We are founding Board members of the Massachusetts Community and Banking Council where lenders and community leaders regularly come together to increase the availability of credit and banking services in LMI and BIPOC communities. And we have worked to end property insurance redlining and increase life and health insurance industry investment in our neighborhoods.

We offer the following comments on the NPR from the perspective of those who seek to constructively engage financial services institutions and promote public/private/nonprofit partnerships that increase community prosperity and health. As trusted community based educators and organizers capable of mobilizing thousands of people, our members and staff work extensively with these institutions to better achieve shared goals. We are focused primarily on two issues:

1. Redefining retail lending assessment areas.
2. Explicitly incorporating an affirmative obligation to serve people of all races as a factor in CRA evaluations and grades.

### Retail Lending Assessment Areas

We are pleased to see the expanded definition of Assessment Areas that includes all areas where banks lend, rather than just the areas surrounding their deposit taking branches. There are banks that close a very large number of mortgage loans in Massachusetts, but don't have any branches here. Closing the loophole that allows these out of state banks to offer mortgages and other retail loans to certain segments of our communities without any obligation to serve our creditworthy low- and moderate-income residents and qualified BIPOC residents would be tremendous progress. Establishing new retail lending-based Assessment Areas would provide an incentive for newly covered lenders to partner with MAHA in serving our LMI and BIPOC homebuyers through ONE Mortgage and other initiatives. Our experience has been that lenders covered by CRA are much more interested in working with us to reach homebuyers who otherwise get left behind.

We encourage regulators to think about alternatives to a raw loan total within a certain area as a trigger for CRA requirements. A more flexible approach that takes into account the number of people within that area and/or the share of loans originated by a lender in that area would allow regulators to hold lenders accountable to smaller communities where those lenders might do a large proportion of the lending, even if they don't hit the proposed trigger of 100 mortgage loans (or 250 small business loans) in each of the two preceding calendar years.

*Expansion of race in CRA regulations* - The CRA statute requires the agencies to “assess the institution’s record of meeting the credit needs of its *entire community*, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution.”

While our BIPOC residents are clearly part of our “entire communities”, and CRA has focused indirectly on eliminating race discrimination in retail lending, more must be done to eliminate the disparities that persist. In Massachusetts we have one of the worst racial homeownership gaps in the nation. 69% of our white households own their homes vs. only 32% of our BIPOC households. We see at every household income level that denial rates are substantially higher for BIPOC borrowers and successful applicants often pay more for credit than similarly qualified white applicants. This update to CRA provides us with an important opportunity to change this. We hope regulators will recognize the long history and ongoing practice of racism in our financial systems and move decisively to explicitly include race and ethnicity (Hispanic/NonHispanic) in the regulations going forward.