



August 5, 2022

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
Attention: Ann E. Misback, Secretary
20th Street and Constitution Ave. NW
Washington, DC 20551
RE: Docket Number R-1769, RIN 7100-AG29

The Honorable Michael Hsu
Comptroller
Office of the Comptroller of the Currency
Attention: Comment Processing
Chief Counsel's Office
400 7th Street SW, Suite 3E-218
Washington, DC 20219
RE: OCC Docket ID OCC-2022-0002

The Honorable Martin Gruenberg
Acting Chair
Federal Deposit Insurance Corporation
Attention: James P. Sheesley, Assistant Executive Secretary
550 17th Street NW
Washington, DC 20429
Attention: Comments RIN 3064-AF81

RE: Notice of Proposed Rulemaking -- Community Reinvestment Act

Dear Chairman Powell, Comptroller Hsu, and Acting Chair Gruenberg:

Black Community Developers Group (BCDG) was formed as a national coalition of Black-led Community Development Organizations to address the lack of reparative investments in Black communities. As a unified coalition, we advocate for equity in lending, grant funding, and access to resources to build culturally rich black communities rooted in identity, empowerment in wealth building, and excellence where families can thrive, advance, and improve. We are clear that "it is not in numbers, but in unity that our great strength lies."

On behalf of our membership, we share these collective thoughts on the proposed Community Reinvestment Act (CRA) rule changes that will help discontinue disparities and redlining for black communities in personal and commercial banking. Acknowledging systemic racism had

existed in lending for quite some time is why the Community Reinvestment Act of 1977 was passed to establish an affirmative and continual obligation to address the credit needs of low-and moderate-income communities (LMI). History has demonstrated that many LMI communities are often underserved and under-resourced black communities in rural and urban spaces alike.

While the intent of the CRA is admirable, and some strides have been made throughout the industry, statistically, the current wealth and homeownership gap between Black and White Americans has not seen such movement. The fact that Black households are five times more likely to be unbanked than White households supports our thoughts that action has to be taken and more must do more to ensure black communities aren't excluded and protected in the proposed changes. Banks are obligated to lend to LMI communities, but there is a noticeable lack of commitment and accountability to black communities.

Our Concerns and Recommendations:

When terms such as LMI or underserved communities are used, many assume that members of the black community automatically benefit—but this is far from accurate. Unfortunately, the ongoing accounts of divestment or minimal investment have shown that despite many black communities meeting the guidelines, we are least likely to reap the benefits of CRA investment. Black communities must be outlined explicitly throughout the new CRA regulations and not grouped like they currently are. Grouping black communities with other underserved or minority communities don't extricate the disparities or the systemic racism that still exists in lending for black families in black communities.

BCDG suggests clarifying language explicitly, including race, but more specifically, black communities are added to all CRA activities and language that states LMI or underserved. This addition, along with Special Purpose Credit Programs (SPCPs), will help ensure our communities aren't disproportionately oppressed, disregarded, and redlined for another 27+ years under CRA regulations. SPCPs should intentionally allocate funds to black communities and not all LMI communities that have historically benefited more from CRA regulations.

BCDG, a coalition of black leaders in the community development field, some of which are Community Development Financial Institution (CDFIs), concurs with the suggestion of granting automatic eligibility for CRA activities. BCDG proposes that the CRA heavily incentivize Minority Depository Institutions (MDIs) that demonstrate a strong lending history to black communities to partner with organizations like BCDG that have an unwavering commitment to serving black communities. The granted eligibility and incentivized partnerships are two of many viable options in safeguarding that black communities benefit from CRA.

Black communities are becoming increasingly vulnerable to predatory lending from non-banks with the closure of bank branches of large banking institutions in our neighborhoods. The closures are much more than just a reduction in services and accessibility; it adversely impacts the trust level between banks and members of black communities. We are concerned that there are no severe penalties for discriminatory practices. We recommend that banking institutions that maintain physical locations within black urban and rural communities should be recognized for

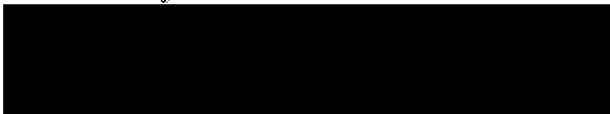
their commitment to their retail services and products by increasing the value of these direct services when the bank is being evaluated.

BCDG acknowledges that assessments, performance tests, standards, and ratings are essential in regulating the CRA. However, we're concerned with the proposal to increase thresholds for Large and Intermediate Sized Banks (ISB) and lessen the requirements of small banks. The proposed changes will adversely affect black communities, mainly rural areas, by decreasing potential investment by billions of dollars.

Our BCDG members and the black communities they serve, mainly in the Southern and Midwest regions, will be severely impacted by the reclassification of ISBs to Small banks and Large Banks to ISBs. This incongruous change will allow the once designated ISBs to forgo the complete testing requirements and for Large Banks to undergo lessened requirements, finally relieving them of obligation to the black communities we serve.

In closing, BCDG appreciates the opportunity to share our thoughts on the Notice of Proposed Rulemaking-Community Reinvestment Act. We are encouraged that the Federal Reserve, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency offices have recognized the need to restructure the CRA regulations that have been in place since 1995. Although 27 years later, with regulations in place, it is disheartening that there is very little equity in the treatment of black families and communities. With the influx of social injustices, disparaging depictions of black families, and systemic racism, BCDG is clear that black leaders that represent black communities must continue to advocate to close the wealth gap, create homeownership, and be the gatekeepers of our communities. We hope and expect that the CRA regulations serve as a tool to protect our communities and not uphold banking institutions that are not fulfilling their obligations to reinvest dollars to help Black families thrive.

Sincerely,



Leatrice W. Moore
Executive Director