



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

**Readout of Director Rohit Chopra California Reinvestment Coalition Roundtable
Virtual
Friday, June 10, 2022, 1:30 PM – 2:30 PM CT**

External participants: Doni Tadesse, Jyotswaroop Bawa, Aliyah Shaheed, Kevin Stein, Paulina Gonzalez-Brito, Patricia Villasenor, Jamie Buell, **California Reinvestment Coalition (CRC)**; Reggie Knox, **California FarmLink**; Sandy Jolley, **Consumer Advocates Against Reverse Mortgage Abuse**; Caroline Peattie, **Fair Housing Advocates for Northern CA**; Chancela Al-Mansour, CRC Board Member and **Housing Rights Center (Los Angeles)**; Katherine Peoples, **HPP CARES Community Development Center**; Michael Banner, **Los Angeles LDC, Inc**; Darryl Rutherford, **Reinvent South Stockton Coalition**; William Pavao, CRC Board Member and **Sacramento Housing Alliance** member; Kendra Lewis, **Sacramento Housing Alliance**; Alexis PCV;

CFPB staff participants: Director Rohit Chopra, Graciela Aponte-Diaz, Gregg Gelzinis, Shawn Sebastian, DFO; Grady Hedgespeth, Mark McArdele, Markets; Patrice Ficklin, Lending; Brenda Muniz, Aasha Rajani, Public Engagement

Top Takeaways: *Approximately seventeen consumer advocates virtually met with Director Chopra to discuss issues of concern to California communities. This summary, however, details only the discussion on the Community Reinvestment Act since it is currently subject to an open rulemaking.*

Community Reinvestment Act (CRA)

- Paulina Gonzalez-Brito (CRC) stated that although the recent proposed CRA rule mentions special purpose credit programs, it fails to give institutions credit for implementing them and does not incentivize the use of these programs.
 - Gonzalez-Brito emphasized the need for a race-conscious CRA. Although the proposed CRA rule supports downgrades in scoring for discrimination in a non-credit context, it fails to consider race when evaluating banks for lending.
 - Gonzalez-Brito stated that the legal analysis by the National Community Reinvestment Coalition and Relman Colfax PLLC shows that “strict scrutiny” would not apply to CRA and even if it did apply, the legal challenge would survive.
 - Gonzalez-Brito mentioned that California is following the lead of IL, MA, NY, and CT in introducing a statewide CRA; the plan is to cover state-chartered banks, state-chartered credit unions, nonbank mortgage lenders and fintech money transmitters (e.g., Venmo).
 - Gonzalez-Brito stated that CRC would also recommend addressing the grade inflation in the CRA by instituting five levels of ratings (outstanding, high satisfactory, satisfactory, needs to improve and substantial noncompliance). Repercussions should exist for harming and not meeting the needs of communities of color, such as requiring institutions to develop a plan for improvement, rejecting applications for license renewals or merger approvals, denying state contracts to failing entities, and levying a penalty of up to \$100,000.

- Jamie Buell (CRC) discussed CRC's broadband access survey which showed that financial institutions are interested in broadband investment but do not know if and how it could qualify for CRA credit. She recommended amplifying this piece, which could incentivize banks to invest in broadband.
- Jyotswaroop Bawa (CRC) discussed lack of transparency in ownership of limited liability corporations (LLCs). CRC has identified slumlords who have access to capital from banks in LMI communities. One bank was reporting the financing made to the slumlord as their main CRA investment.
- Darryl Rutherford (Reinvent South Stockton Coalition) stated that many of the rural communities fall outside of the assessment areas in the CRA.
- Reggie Knox (California FarmLink) stated that there is a lack of investment in rural areas and accessibility to CRA funds.