

May 10, 2013

Legislative and Regulatory Activities Division
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To whom it may concern:

It's our understanding that the Office of the Comptroller of the Currency, Federal Reserve Board and the Federal Deposit Insurance Corporation are currently receiving public input regarding proposed rules affecting the Community Reinvestment Act ("CRA"). In any event, these agencies have an ongoing concern with regulating banks and other financial institutions and incentivizing bank responsiveness to underserved communities. The CRA currently does not directly include, and there is no current rule before you involving, the items this correspondence addresses; this correspondence is specifically intended to suggest additional measures be considered as vital to determine a bank's responsiveness to community needs. This is in keeping with the Federal Reserve website posting that "The Fed, together with other agencies, is currently considering what can be done to make CRA a more effective regulatory incentive going forward to address an unprecedented set of community needs."

CRA is a critically important law intended to hold banks accountable to communities in which they operate to lend and provide services equitably and in the interests of those communities. The positive impact of CRA has been undeniable – some studies credit the CRA with leveraging finance opportunities for as many as 300,000 affordable housing units that otherwise would not have been created over the past 30 years in New York City. This is accomplished primarily through evaluation of individual banks approximately every 2-to-4 years by bank regulators to determine which bank loans, investments and services are eligible for CRA credit and how they impact a bank's rating. CRA has had a dramatic impact on bank lending policies but has not considered an even more vital service matter and its impact on poor and very-low income consumers. Our concern is that most banks have not served poor or very-low income consumers in establishing or maintaining accounts and services.

Unfortunately, poor and very-low income people desperately need those services. The ability to open and maintain checking and savings accounts is important to these underserved consumers because an inability to have those services requires them to utilize very expensive and sometimes predatory check cashing services, to incur expensive money order or similar charges, to endure the inconvenience and expense often involved in these services and to be exposed to often unregulated and sometimes unreliable operations. It also makes it more difficult to pay bills on time or to save.

Banks operating and making profits in a community and receiving the various services, protections and advantages provided by the OCC, the Fed and the FDIC should adequately serve those communities. Too often minimum account balances, service fees, punitive charges and the like exclude customers most in need of bank services. That's precisely the sort of measure the CRA should use to evaluate community banking impact.

Care for the Homeless provides services to homeless people and those at risk of homelessness in New York City and advocates for policies to ameliorate, prevent and end homelessness. Many of our clients want to save money in bank accounts, pay bills through checking or bank on-line services and maintain an account to facilitate direct deposit services. Banks don't need incentives to serve well off or high income people with those services, usually at no cost. Those same services are generally unavailable or far too expensive for the less fortunate and more vulnerable. Please consider how your institution might incentivize financial institutions to provide desperately needed basic banking services at affordable rates to people in the communities in which they operate.

Thank you,

Jeff Foreman, Director of Policy
Care for the Homeless

Al Arterburn, Ph.D., Advisory Board
Care for the Homeless

cc: Senate Banking Committee Chair and Members
House Financial Services Committee Chair and Members
Joint Congressional Economic Committee leadership
New York Congressional delegation members