CACLV

4 March 2020

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington DC 20429

Re: Comments RIN 3064 AF22

Dear Mr. Feldman:

We appreciate the opportunity to comment on the Notice of Proposed Rulemaking by the Federal Deposit Insurance Corporation. We wish we didn't have to comment; we wish the FDIC was proposing strengthening the rules but, in today's political climate, we are not surprised that we are having to object. We believe that there is nothing wrong with the current rules that the proposal is designed to correct.

In the Lehigh Valley in eastern Pennsylvania, most of our regulated financial institutions are sincere about being compliant with both the letter and the spirit of the Community Reinvestment Act. In our opinion, the effectiveness of the law depends on collaboration between regulated banks and community, housing and economic development groups and have worked hard to build the capacity of the region to take advantage of the power of the law in order to improve the quality of life for lower-income households.

CACLV has been a member of the National Community Reinvestment Coalition for almost 30 years. There are only a few additional comments we would offer beyond an endorsement of NCRC's positions. They are as follow:

We believe that financing a stadium or an arena for sports and entertainment can be a valuable form of reinvestment if the stadium is located in or within easy access to lower-income neighborhoods, does not displace low-income people without adequate compensation and commits to a community benefits agreement to invest in the low-income community. That agreement should be enforceable and include such provisions as hiring lower-income people at family-sustaining wages, having purchasing policies that make an affirmative effort to contract with minority and/or nearby small businesses and ensuring that displaced families have a decent place to which to be displaced. Without that, the proposal is unacceptable.

The NPRM indicates that the FDIC is attempting to recognize the importance of a bank achieving an Outstanding rating and provide some "slack" in exchange for the extra effort. We support such a proposal in theory but are not sure that lengthening the time between exams to five years is the best way to accomplish that. Did the FDIC consider any alternatives?

There are many elements of the proposal that are difficult to understand what the problem is that the FDIC feels need to be corrected.

Community Action Committee of the Lehigh Valley

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But the attempt to simplify the examination process through the "one ratio" measurement was particularly puzzling. As we understood it, under the proposal, a bank could finance a stadium and the road to get to it and do almost nothing else in the market and pass their CRA exam. If that is, indeed, the case, then we would oppose the entire proposal. The proposal to allow financing of public infrastructure to count is also difficult to embrace.

A bank should not be allowed to underserve a community under any circumstance and any attempt to allow it through such gimmicks is sure to result in some communities being "redlined."

With respect to branches, low-income communities are getting battered by a rush to consolidate branches. In the Slate Belt, an old industrial area in northern Northampton County where a series of boroughs are struggling to survive, four of the six branches there have closed in the past few months or are being closed in the next few. In the city of Easton, two of the five branches have closed in the past 7 months.

The result of these closures will not be just reduced access to banking for urban residents, most of whom are lower-income or of color, but empty buildings that will diminish property values and cause blight, as well as reducing the tax base and the revenue so critical to maintaining some degree of services necessary to the quality of life.

Branches still matter. We consider any weakening of the service test to be unacceptable.

The NPRM appears to reduce the importance of mortgage lending in the CRA examination. Instead, the importance of mortgages should be increased. A mortgage is the "gateway drug" of building wealth for lower-income households. We would go so far as to argue that the absence of mortgage lending should render outstanding ratings impossible or the bank should be required to compensate for the absence of a good mortgage product with particularly affirmative lending in other bank products and services.

In sum, we would request that the FDIC scrap the proposed rule-making and return to its historic role of siding with the customers and their communities instead of working so hard to weaken those rules in favor of an industry that is making a significant amount of money without the relaxation of a law that has proven to be so beneficial to individuals, their neighborhoods and the nation.

Sincerely,

[redacted]

Alan L. Jennings
Executive Director

cc: U.S. Representative Susan Wild