From: David Griggs <david@one5olive.com>
Sent: Monday, March 30, 2020 2:57 PM
To: Comments
Subject: [EXTERNAL MESSAGE] RIN 3064-AF22

To Whom It May Concern:

One 5 Olive is for-profit real estate development company focused on the redevelopment of single-family homes and smaller mixed-use projects. Projects have been completed on the north side is Milwaukee, where the founders were raised.

We are writing to strongly oppose the Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA), a proposal issued by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation's (FDIC).

CRA requires that deposit-taking institutions meet the convenience and needs of the low- and moderate-income communities in which they operate. But the NPRM proposal dramatically reduces incentives for banks to serve the needs of LMI people. And it would reduce the importance of seeking input from the LMI people and communities in the banks' service areas.

Qualifying Activities

The strength of CRA is in the feedback loop it creates between communities, banks, and regulators. The credit needs of communities are distinct and diverse, and current regulations emphasize the need for banks to collaborate with community organizations to develop innovative products, services, loans and investments that meet the community's credit needs.

One 5 Olive started working with banks right out the gate in 2016 to help us address the need to rehabilitate distressed properties in Milwaukee. Without this financial support there would not have been a way to come up with the capital needed.

The successful partnerships we have established with banks could be threatened by the proposal for creation of a specified list of qualifying activities. The OCC and FDIC's proposed regulations would undermine collaboration between banks and community groups by creating a list of qualified activities rather than holding banks accountable to meet the needs identified by community members and community organizations.

Instead, we suggest the OCC and FDIC develop an illustrative but not definitive list of principles defining CRA-qualified activities. And banks should be held accountable to CRA's original imperative to seek out input on, and meet the lending, investment and financial services needs of LMI communities.

Measuring CRA Activities on a Bank's CRA Performance Evaluation

We are very concerned about the major changes to the way that federal regulators would measure a bank's CRA activities.

We are opposed to the "one ratio" measure that consists of the dollar amount of CRA activities, divided by dollar amount of the bank's deposits. This one ratio measure would encourage banks to find the largest and easiest deals anywhere in the country, instead of collaborating with communities and responding to local needs. If banks could get CRA credit for financing public infrastructure or sports stadiums, as the NPRM proposal suggests, those large dollar amounts included in the CRA-eligible activities would reduce the amount of home loans or small business loans in LMI neighborhoods that a bank would need, in order to pass their CRA evaluations.

We are alarmed that the CRA performance test measuring banks’ home mortgage, small business and consumer lending (the “retail lending test”) would be supplemental, and would count for less. And we are gravely concerned that home mortgage lending in LMI communities would be eliminated as an exam criterion. If banks are not held accountable for making mortgages to credit-worthy borrowers in LMI communities, we will likely see a return to the levels of redlining that CRA was originally established to eliminate!

Additionally, changing the retail lending test to a pass/fail assessment, instead of generating ratings for a bank’s retail lending would mean that this important lending test would count for much less toward a bank’s CRA rating. The changes in the proposal would mean that banks could fail their retail lending test in half of their assessment areas and still pass their CRA exam.

CRA investments and grants are vital to Neighbors Helping Neighbors' continued ability to serve our low-to-moderate income families. CRA funding is often the first-in dollars, meaning it drives rehabilitations, loans, and developments that then spur broader market interest, resulting in larger scale revitalization and quality of life improvements. If area banks choose to concentrate their reinvestment activities elsewhere, it would be much harder for One 5 Olive to fulfill our mission.

<u>Bank Branches</u>

The NPRM would significantly reduce the importance of bank branches in CRA performance evaluations. This would likely lead to the closure of branches serving LMI neighborhoods.

Access to capital is the life blood of any business and the closing of bank branches in LMI communities would have a profoundly negative impact on the businesses in the communities. Having additional options outside of the community is great but with potential transportation issues and general lack of understanding of the inner workings of LMI area, the businesses will suffer.

Branches are essential to the economic vitality of communities, and CRA regulations should emphasize the importance of physical branches in LMI neighborhoods. The proposed regulations would encourage the export of capital from communities, in direct contradiction of the statutory goal of the CRA.

We urge the OCC and FDIC to discard the NPRM and instead work with the Federal Reserve Board to propose an interagency rule that will modernize CRA in a way that will increase reinvestment in LMI communities.

Sincerely,

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