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April 7, 2020

To Whom It May Concern:

I am the Director of Community Development for Business & Community Lenders of Texas (BCL), a statewide nonprofit and Community Development Financial Institution that offers a variety of economic and community development services across urban, suburban, and rural areas in Texas including small business lending, entrepreneurship coaching, consumer lending, financial empowerment and homeownership counseling, and affordable housing development with a mission to Build Strong Communities and help low- and moderate-income families build generational wealth. In its 30-year history, BCL has achieved tremendous success fulfilling its mission by assisting thousands of Texas to achieve their business and personal financial goals. This is in large part to due to the Community Reinvestment Act, which has facilitated an environment where we can partner with the banking community to elevate otherwise underserved Texans.

We oppose the changes to the Community Reinvestment Act (CRA) regulations proposed by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC), for the following reasons:

- The proposal would make it so banks no longer have an obligation to make mortgage loans in neighborhoods with low and moderate incomes.
- The new scoring system would allow banks to completely ignore almost half of the markets where they have branches and still pass their exams.
- The proposed changes will encourage banks to seek out large dollar community development deals to quickly get to a single total dollar volume metric and discourage loans to people with low- and moderate-incomes LMI and small businesses because the loans are much smaller.
- The system that gives credit to banks for having branches in LMI communities is weakened and will likely lead to massive branch loss in communities that are already underserved.
- The proposal would redefine small businesses and family farms with higher revenues again encouraging banks to focus on larger loans to bigger businesses instead of smaller community-style loans.

As an organization with a diverse line of services, many aspects of the proposed CRA regulations are alarming. In their current form, we are concerned these regulations will leave our rural Texas communities behind as banks no longer find need to reach these parts of their footprint. Furthermore, the move towards reducing CRA evaluation criteria to a singular ratio will disincentive banks from pursuing variety, such as small business, mortgage lending, and affordable housing, in their CRA-eligible investments, and instead gravitate towards the easiest, biggest deals that do little to help LMI communities and accomplish the original intent of CRA.

It is clear that the proposed rules would weaken CRA. The focus on LMI communities would be lost - the exact intent of CRA when it was signed in 1977. This backtracking would violate the agencies' obligation under the statute to ensure that banks are continually serving community needs. The FDIC and OCC need to discard the proposal, and instead work with the Federal Reserve Board to create an interagency rule that will augment the progress achieved under CRA instead of reversing it.

Sincerely,

[redacted]

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Director of Community Development
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