

April 6, 2020

The Honorable Joseph Otting
Comptroller, Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations; Docket ID OCC-2018-0008

Dear Comptroller Otting:

Arbor Housing and Development (Arbor) is grateful for the opportunity to offer comments on the Office of the Comptroller of the Currency's (OCC) Proposed Rulemaking regarding the Community Reinvestment Act (CRA).

Arbor provides a diversity of homeownership and housing development options primarily in rural areas for individuals, families, and neighborhoods in the Southern Tier of New York and Northern Tier of Pennsylvania. Current CRA requirements for financial institutions have been instrumental in the delivery of our various homeownership services. CRA has leveraged significant amounts of loans and investments for low and moderate-income communities, and since 1996, banks have issued almost \$2 trillion in small business loans and community development loans, and investments that specifically benefit those communities. Arbor clients have been beneficiaries of these programs.

Arbor opposes the proposed changes to the Community Reinvestment Act (CRA) regulations as deeply misconceived. We believe the impact of adopting these rules is that the OCC and FDIC would lessen the public accountability of banks to their communities by enacting unclear performance measures on CRA exams that would not accurately measure a bank's responsiveness to local needs. Contrary to the agencies assertions that their changes would increase clarity and CRA activity, the result will be significantly fewer loans, investments and services to low- and moderate-communities (LMI). The proposed rules open opportunities for banks to receive credit for doing less than they currently do, with no additional incentive or mandate to increase activity in underserved areas.

The NPRM would add financing large infrastructure such as bridges as a CRA eligible activity. Even financing "athletic" stadiums in Opportunity Zones would be an eligible activity. The NPRM would define small businesses and farms as having higher revenues, increasing the limit from \$1 million to \$2 million for small businesses and as high as \$10 million for family farms. While the NPRM recognizes changes in the banking industry such as the increased use of online banking, the NPRM's reforms to the geographical areas on CRA exams are problematic and would reduce transparency. Neither the agencies nor the public can evaluate the agencies' proposal to designate additional geographical areas on exams in the case of internet banks due to the lack of publicly available data. The public does not have a fair chance to offer comments on the effectiveness of significant proposed changes whose impacts are unknown.

The proposal would also retain a retail test that examines home, small business and consumer lending to LMI borrowers and communities, but this retail test would only be pass or fail. In contrast, the current retail test has ratings that count for much more of the overall rating. Moreover, the proposal would result in branch closures since it would eliminate the test that scrutinizes bank branching and provision of deposit accounts to LMI customers.

I am concerned this flawed proposal will result in less lending, investing, and services for communities that were the focus of Congressional passage of CRA in 1977. This backtracking will violate the agencies' obligation under the statute to ensure that banks are continually serving community needs. The FDIC and OCC need to discard the NPRM, and instead work with the Federal Reserve Board and propose an interagency rule that will augment the progress achieved under CRA instead of reversing it.

Sincerely,

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Jeffrey E. Eaton
President/CEO