April 8, 2020

Office of the Comptroller of the Currency (OCC)

RE: Docket ID OCC-2018-0008 (Community Reinvestment Act Regulations)

To Whom It May Concern:

Richmond Metropolitan Habitat for Humanity appreciates the opportunity to share its perspective on how proposed changes to the Community Reinvestment Act (CRA) as outlined in the OCC and FDIC's Notice of Proposed Rulemaking would impact access to homeownership, credit, and financial services for the lower-income families and communities we serve. While we appreciate the need to modernize the CRA, we have strong concerns about several proposed changes, as described below.

Since 1986 Richmond Metropolitan Habitat has helped more than 350 low income families achieve home ownership. At Richmond Metropolitan Habitat for Humanity, our banks have played a critical role in providing grants to sponsor the construction of homes and loans to the organization as working capital support These important activities allow us to provide affordable first mortgages to our partner families. The Community Reinvestment Act was created in 1977 to ensure that banks meet the credit and banking needs of the entire communities in which they are located. While Habitat recognizes the need to modernize the CRA, any changes made to the Act must ensure that there remains a consistent and transparent system that meets the credit needs of low- and moderate-income people. Several proposed changes threaten this core objective:

Proposed Single-Ratio Metric

The proposed "single-ratio" metric raises significant concerns for Habitat. Under this proposal, a bank's lending, investment, and financial service performance would be assessed primarily by the overall *dollar volume* of CRA activities as a percentage of total bank deposits. This represents a significant shift away from the current practice of assessing the *number* of loans originated and evaluating performance based on the relationship of investment and lending activities to local credit needs. Emphasizing dollar volume, without regard to type of investments, will favor larger and easier loans at the expense of lower-value loans, such as mortgages used by lower-income homebuyers to purchase a home. This would negatively impact Habitat's ability to extend affordable homeownership opportunities to partner families, especially in under-served communities. This is concerning because we know that our families could be viewed as higher risks loans or mortgages for purchase.

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Passing Grade Only Needed in 51% of Assessment Areas

Proposed changes to the CRA will allow banks to receive a strong overall rating with a passing grade in only 51% of their assessment areas. This is deeply concerning, as it could mean that a bank could choose to ignore the credit needs of half of its assessment areas, and still receive an outstanding rating.

Giving Banks Credit for CRA Activity Located Outside of their Assessment Areas

Habitat for Humanity is concerned that the Proposed Rulemaking would allow credit for CRA activity outside of banks' assessment areas regardless of performance in their assessment areas. We believe this will further enable and encourage banks to shop nationally for the largest possible deals in which to focus their CRA activities, at the expense of smaller loans and investments that are more responsive to local needs, including those of lower-income homebuyers.

These proposed changes are particularly worrisome for Richmond Metropolitan Habitat because we are currently in the process of identifying a local bank to purchase our mortgages so that we can support our growth plan to double the number of families we serve. The proposed changes to the CRA could limit our success in finding a bank partner to purchase our mortgages.

These eligibility changes stray far from the CRA's original purpose and will likely draw lending capital away from the lower-income homebuyers with whom we partner—especially if coupled with a shift to a dollar-volume-based metric that favors large single loans over smaller-value loans. The smaller value loans are critical to providing home ownership opportunities to our hard working families in the Richmond, Chesterfield and Henrico.
The Proposed Rulemaking will significantly reduce access to credit for qualified, low- and moderate-income homebuyers in the communities we serve while reversing progress made to revitalize historically under-served and distressed communities.

We call on the OCC and FDIC to revise its Proposed Rulemaking—or to start over if necessary—to ensure that any modernization of the Community Reinvestment Act will increase rather than reduce the availability of lending, investments, and financial services for low- and moderate-income homebuyers and communities.

Thank you for your attention to these concerns.

Sincerely,

[redacted]

Mary Kay Huss
CEO
Richmond Metropolitan Habitat for Humanity