



April 8, 2020

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

NeighborWorks Montana appreciates the opportunity to respond to the OCC and the FDIC's request for comments on CRA reform. We at NeighborWorks Montana strongly oppose the proposed rules. We urge the OCC and the FDIC to work together to create meaningful reform that does not weaken the CRA.

NeighborWorks Montana is a NeighborWorks organization and a Community Development Financial institution (CDFI) that has been working across the state of Montana for over 20 years. We work to provide financing and education that gives every Montanan the opportunity to live in a home where they can thrive.

Our lending and finance partners are critical to advancing community development across our state. Banks serve as the primary source of financing for affordable housing preservation and development, as first mortgage lenders, tax credit investors, grant makers and investors in our CDFI loan fund. CRA is an important tool that encourages all these activities and more. CRA incentivizes bank to work in areas and on projects that would not otherwise attract the capital and support that is needed. CRA is critical to making sure low-income communities and people are well served by the financing and services that are essential to both individual and community opportunity.

We are particularly concerned with the changes that will allow banks to count more activities outside their assessment areas, and that require lower thresholds for performance in some assessment areas. These changes will encourage banks to focus on large intermediaries and large projects to meet their CRA obligations. In Montana all our communities and projects are small compared to those in more urban markets. While projects here are smaller their impacts are mighty. A twenty-unit affordable apartment complex in a rural town of 10,000 people can serve 1% of the need in that community, an impact that would be out of reach for any one project in a large urban market. Without incentives for financial institutions to invest CRA in small towns and small projects Montanans will lose out.

While the stated goals of the changes are to direct CRA where it is most needed, increase transparency and increase overall CRA activity, the proposed rules would in many cases change CRA in ways antithetical to these stated goals. CRA must continue to focus on low- and moderate-income places and people. The proposed grading system would allow banks to meet the criteria through the easiest and biggest deals, rather than being graded on meeting critical

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community needs such as lending, bank branch locations, and responsible loan projects. Our rural communities with persistent poverty are already among the most underserved by financial services, and the proposed rules would reduce services even further.

Again, we oppose the proposed rules and encourage the OCC and FDIC to work together on changes that advance and incentivize the essential roles banks play in our low- and moderate-income communities.

Sincerely,



Kaia Peterson
Executive Director

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