



April 3, 2020

To Whom it May Concern:

Lakes Region Community Developers (LRCD) opposes the changes to the Community Reinvestment Act (CRA) proposed by the OCC and FDIC. As a member of NeighborWorks America, LRCD is committed to making our community one in which all people can reach their full potential, play a positive role, and create vibrancy. The CRA plays a critical role in addressing discrimination and equity in our low- and moderate-income (LMI) communities. LRCD believes that, if adopted, these changes to the CRA will result in significantly fewer loans, investments, and service to LMI communities.

We are concerned that the new scoring system permits banks to pass their CRA exams while failing in half of their assessment areas. This could result in a quick loss of bank involvement in LMI communities. The proposed changes would also encourage banks to seek out large dollar deals and discourage loans to people with LMI and small businesses because the reward structure is significantly lower in comparison. Large infrastructure projects would now be included in LMI Opportunity Zones which will further encourage banks to seek out larger deals over small loans to meet the ratio for the total dollar volume metric.

We are concerned that these changes will divert necessary capital from serving our most vulnerable populations in part because the definition of affordable housing would be relaxed to include middle-income housing in high-cost areas. Another reason this capital may shift is that the invaluable system that gives credit to banks for having branches in LMI communities will be weakened and would likely lead to massive branch loss and presence in already underserved areas. This proposal also lessens the public accountability of banks by not accurately measuring its responsiveness to local needs.

At LRCD, we know first-hand how important the CRA is to our local communities. As more and more of the local banks are acquired, our communities face a loss of a proper and reasonable level of banking services. We applaud the efforts of our local financial institutions working with us to invest in our community to make healthy homes and several communities better off as a result. We look forward to continuing and growing our partnerships, rather than having them weakened under the current Notice of Proposed Rulemaking.

I urge you to use caution in considering the proposed changes to the CRA. Any adopted revisions should be in the spirit of the original purpose of the CRA to expand financial opportunities and encourage investment in LMI communities. In its current form, the proposal will have an obvious reverse effect on the original purpose. Thank you for your consideration.

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Carmen R. Lorentz
Executive Director