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April 8, 2020

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

To Whom it May Concern:

The South Carolina Association for Community Economic Development (SCACED) opposes the proposed changes to the Community Reinvestment Act (CRA) because they would result in significantly fewer loans, investments and services to low- and moderate-communities. This proposal would make redlining legal again, permitting banks to avoid investment in low-income and minority neighborhoods. And, it would make banks far less accountable to the communities they are responsible to serve.

The CRA is a vital law that has leveraged trillions of dollars of loans and investments in these communities because its examination and review process feature public accountability and transparency. One major reason for the CRA's success is that it has fostered collaborations among banks, community organizations, and public sector agencies that have developed lending and investing programs and products that meet local market challenges serving low- and moderate-income households.

Now proposed changes to the regulations that implement the law, threatens to dilute the original intent of the law and reduce the direct impact for the communities it was intended to support. These proposed rules changes would affect our collective affordable housing, small business development, financial literacy, and employment efforts and could have drastic consequences in terms of CRA investment in underserved communities, especially in South Carolina.

Therefore, SCACED, a statewide coalition of individuals and organizations who support the development of healthy and economically sustainable communities throughout South Carolina, are raising serious concerns regarding these proposed changes. We understand the need for modernization of the CRA to incorporate the changes in the banking industry and to improve data and evaluation methods. However, the proposed formula for determining where and how banks make their investments is heavily biased against smaller cities, suburban, and rural areas, in multiple ways. First, under the proposed "single-ratio" rule, banks will not be required to invest based on where they are based geographically but may choose to make CRA investments in only "a significant portion" of their assessment areas. Therefore, poorer neighborhoods, communities of

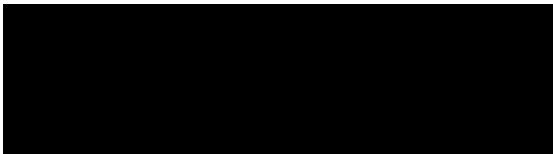
color and communities in which investing is more difficult, like rural areas are likely to be neglected under this proposed rule, with significantly fewer loans, investments and services being made available to low-and moderate-income communities.

Additionally, the proposal dramatically expands what activities would be eligible for CRA credit, by switching to a prescribed list of activities developed in Washington DC. These activities include new types of infrastructure like roads and sports stadiums rather than relying on a list of priorities generated by the communities being served by the financial institutions. The consequence of this approach, we believe, will be less accountability and drastically decreased investments in projects like affordable housing and neighborhood revitalization.

We need the CRA and its regulations to require our banks to continue their efforts to improve access to credit, make investments in affordable and workforce housing, and other small business loans in our low-and moderate-income neighborhoods here in South Carolina and the nation. We cannot be successful without the financing tools provided by our banks because of the CRA.

On behalf of the low and moderate-income people and places my organization serves, I ask that OCC and FDIC please discard this proposal 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,



Katherine Pratt  
Vice President of Operations  
South Carolina Association for Community Economic Development (SCACED)

cc: National Alliance of Community Economic Development Associations (NACEDA)