Steve Lockwood, Executive Director
Dean Moore, Board Chair
3684 North Watkins St.
Memphis, TN 38127
901-354-9401
www.fraysercdc.org

Frayser
Community Development
Corporation

04/08/2020

Joseph M. Otting,
Comptroller of the Currency

Robert E. Feldman, Executive Secretary,
Federal Deposit Insurance Corporation

Re: OCC Proposed CRA Rulemaking Docket ID OCC-2018-0008
FDIC RIN 3064-AF22:

Frayser Community Development Corporation (Frayser CDC) opposes the proposed rule changes to the Community Reinvestment Act (CRA), which would result in significantly fewer loans, investments, and services to low- and moderate-communities. This proposal would encourage legal redlining, by allowing the banks ignore low- to moderate income and minority neighborhoods. It would make banks will be less willingly to connect with the to the communities they are responsible to serve.

Frayser Community Development Corporation (Frayser CDC) a non-profit development agency that provides affordable housing and HUD-certified housing counseling programs in one Memphis, Tennessee's low to moderate-income and majority-minority neighborhoods. Our mission is to work with the community to provide improved housing and stimulate commercial and economic growth. We have been working strategically hard in the community for years to reverse many of the systematic problems that have occurred over time and contributed to the years of neighborhood decline– like redlining and predatory lending, foreclosures, and property abandonment to name a few.

We oppose the changes to the CRA regulations proposed by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC), for the following reasons:

- The proposal would make it so banks no longer have an obligation to make mortgage loans in neighborhoods with low and moderate incomes,
- The new scoring system would allow banks to completely ignore almost half of the markets where they have branches and still pass their exams,

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- The proposed changes will encourage banks to seek out large dollar community development deals to quickly get to a single total dollar volume metric and discourage loans to people with low- and moderate-incomes LMI and small businesses because the loans are much smaller,
- The system that gives credit to banks for having branches in LMI communities is weakened and will likely lead to massive branch loss in communities that are already underserved,
- The proposal redefines community development to include large infrastructure projects like stadium improvements in LMI Opportunity Zones which further encourages banks to seek out larger deals over smaller loans to meet the ratio for the total dollar volume metric,
- The definition of affordable housing would be relaxed to include middle-income housing in high cost areas,
- The proposal would redefine small businesses and family farms with higher revenues again encouraging banks to focus on larger loans to bigger businesses instead of smaller community-style loans,
- The proposal would lessen the public accountability of banks by not accurately measuring its responsiveness to local needs,

If the CRA proposal is accepted, our agency and the neighborhood we serve would be directly impacted by those changes, in such ways as;

- Banks will not be encouraged to design mortgage loan products and extend credit that fit the needs of families living in communities like ours. Those changes would revert lending opportunities away from the families of the community we serve: they will have less opportunity to access homeownership through our programs because the banks would no longer be obligated to make mortgages loan to them. Leaving it extremely hard for our agency to produce and sell homes and encourage access to homeownership opportunities to those families,

- If the term "affordable housing" was to be relaxed and begin to include middle-income housing in high costs areas, it would further widen the wealth gap that exists amongst low - to moderate-income families living in underserved areas like ours. Our agency would no longer be able to work to improve the neighborhood and the quality of lives of the people who live there, because the funding to support our operations identifies affordable housing as it focuses on housing burden costs in relation to low - to moderate families' incomes and the area they live,

- The local banks in our area have come so far because of CRA, to work with our agency to understand how they can assist in serving the needs of the families living in the area we serve. In our community, families have access to many predatory and high-cost alternative lending entities that are easily accessible to the families who live there. The proposed changes would discourage the creative

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approach banks have been making to encourage banking products as alternatives lending options to serve the families in our area.

It is clear that the proposed rules would weaken CRA. The focus on LMI communities would be lost - the exact intent of CRA when it was signed in 1977. This backtracking would violate the agencies' obligation under the statute to ensure that banks are continually serving community needs.

On behalf of the people of the neighborhood we serve, I ask that The FDIC and OCC to discard the proposal, and instead work with the Federal Reserve Board to create an interagency rule that will augment the progress achieved under CRA instead of reversing it.

Respectfully,

[redacted]

Charia Jackson
Deputy Director, Frayser CDC