

**From:** Mark Edelman [REDACTED]  
**Sent:** Monday, August 01, 2022 11:43 AM  
**To:** Comments  
**Subject:** [EXTERNAL MESSAGE] RIN 3064-AF81

August 1, 2022

TO: Federal Deposit Insurance Corporation (FDIC)  
RE: Comment on RIN 3064-AF81

As Board Chair of Iowa Community Capital (ICC) for the past decade, I appreciate the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding the Community Reinvestment Act (CRA). Iowa Community Capital is a CDFI nonprofit loan fund that has provided over \$5 million in small loans to over 485 very low income entrepreneurs in Des Moines, Iowa since 2014. ICC clients are currently 52% Hispanic, 48% African America, 95% female and 5% male. ICC's Solidarity Microfinance program uses Grameen methods and our clients have achieved a 99%+ loan repayment rate. More importantly, none of our clients were able to access capital from conventional sources at the time of joining the program. Our clients have generated \$7 of income for each \$1 annual contribution for ICC operations. Large national banks interested in CRA represent a majority of ICC's community partners and 80% of operational funds.

This NPR represents a significant update to CRA and we urge you to continue the effective encouragement in fostering bank reinvestment activity for underserved communities. The NPR proposed some significant improvements in test rigor but the improvements are not across the board on all aspects of exams. The NPR improved data collection and the breadth of geographical areas on exams but did not include race on exams. Persistent racial disparities in lending should compel the agencies to incorporate race and ethnicity in CRA exams. A recent national level analysis showed continuing disparities in loan denials by race and when people of color received home loans, their equity accumulation was less. NCRC had asserted in a paper that it is possible for changes to CRA to comply with legal standards if CRA examined lending by race and ethnicity in geographical areas experiencing ongoing discrimination. By including race and ethnicity, CRA can identify and address persistent racial disparities that have direct impacts on quality of life and health outcomes.

This analysis is consistent with the 2018 and 2020 findings on disparities in two Iowa studies. A Northwest Area Foundation funded One Economy study in Des Moines, Iowa (Polk County) found that loan approvals were significantly less for Black entrepreneurs and that Black entrepreneurs were less likely to apply for loans due to prior banking experiences. In addition, a 24/7 Wall Street Report that named Waterloo, Iowa as among the worst communities in America for African Americans to live due to the disparities. Both studies show average Black households for their metro areas with half the income and assets compared to the countywide averages.

Our board members individually and I believe the solution is to teach capitalism by giving underserved populations an opportunity to learn entrepreneurial management practices and financial responsibility by practice, practice, and practice. ICC has organized an affiliate microfinance program in four target metro communities with emerging networks of underserved Black small business entrepreneurs. An improved and impactful and effective CRA will help move the nation forward with an economy in which all have an opportunity to participate.

Sincerely,

M. Edelman, Board Chair  
Iowa Community Capital