August 5, 2022

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Submitted via: comments@fdic.gov

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street, SW Suite 3E–218
Washington, DC 20219
Submitted via: https://www.regulations.gov/commenton/OCC-2022-0002-0001

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Submitted via: regs.comments@federalreserve.gov

Re: OPPOSE UNLESS AMENDED–Comment on the Joint Notice of Proposed Rulemaking Regarding the Community Reinvestment Act [Docket ID OCC-2022-0002, RIN 1557-AF15; Docket No. R-1769 and RIN 7100-AG29; RIN 3064-AF81

To whom it may concern,

On behalf of San Francisco's Mission Economic Development Agency (MEDA),[1] I submit these comments in response to the Board of Governors of the Federal Reserve System (Board), the

[1] Learn more about the Mission Economic Development Agency (MEDA) at www.medasf.org . Read MEDA's Strategic Plan, 2021 - 2024, available at https://medasf.org/strategic-plan-2021-2024/

Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) request for comment on the proposal to amend regulations implementing the Community Reinvestment Act of 1977 (CRA). The importance of this rulemaking to MEDA's work is significant. Rising out of the civil rights movement of the 1960s, since 1973, the Mission Economic Development Agency has been advancing toward a mission to create equity for Latinos and immigrants seeking a better life. We are a Latino-led nonprofit organization that invests in the lives of our underserved Latino families through direct services, community development initiatives and policy advocacy. Along with our partners, we leverage our community's inherent strengths to collectively build Latino prosperity, community ownership and civic power.

MEDA advocates for and creates conditions that advance inclusion and belonging, rather than exclusion. [2] By all measures, San Francisco and the Bay Area is a land of immense opportunity and growth for particular industries and sectors. At the same time, not everyone has been able to benefit from that growth. That growth has created unprecedented wealth gaps that have placed extreme pressure on San Francisco's low-income Latino residents and other low-income communities. MEDA seeks to not only stop displacement, but to reverse it and to bring greater economic opportunity to the community we serve, and others like ours. We work closely with other community based organizations and partners within the City and County of San Francisco to ensure that those in our community who are most sensitive to displacement have the support they need to remain in place and thrive.

Strengthening the Community Reinvestment Act (CRA) is central to our success and the success of the communities we serve. From an equity perspective, there is no greater reason than ensuring that the most marginalized and at risk communities can participate in the economy that surrounds them and that they feel they belong and are valued in their communities.

To that end, the CRA has been hugely impactful in providing credit, investments and financial services to underserved communities in California. In fact, the California Reinvestment Coalition (CRC), of which we are a member, along with our fellow CRC members and allies have negotiated over $75 Billion in loans, investments, and financial services for communities of color[3][1] and low-income communities in California over the last two years as part of Community Benefits Agreements. Despite these advances, significant gaps remain in CRA rules and implementation, and the promise of CRA has not yet been fully realized. While the agencies

[2] Since 2014 MEDA has been an affordable housing developer now having preserved or produced almost 1,300 affordable housing units; we launched a community loan arm in 2015, and in 2017 it became one of the few Latino-focused CDFIs; we created a Promise Neighborhood, our community anti-poverty education initiative; across all of our programs, we provide direct services to approximately 8700 clients per year; we actively advocate on the state and local level for policies that support our community and participate nationally through our association with UnidosUS and the National Association of Latino Community Asset Builders (NALCAB).

[3] The use of the terms "people of color" and "communities of color" is meant to be inclusive of African American/Black, Latinx/Hispanic, Asian American/Pacific Islander, and Native American persons and neighborhoods.

make several positive suggestions in the proposed rule, **we must oppose this proposal unless the following critical issues are addressed**. The CRA must:

- Take race into account and evaluate banks for service to borrowers and communities of color
- Downgrade banks for harm such as discrimination, displacement, and fee gouging
- Ensure affordable housing tax credits and lending are reviewed separately, and increased
- Require banks to serve all areas (not 60%) where they take deposits and lend, and refrain from raising current asset thresholds which will decrease rural reinvestment
- Prioritize the opening of branches and penalize the closing of branches in underserved areas
- Elevate broadband/digital equity, access for Native American communities and climate resiliency
- Scrutinize the qualitative impact of all lending tied to banks, and end Rent-A-Bank partnerships
- Enhance community participation so that CRA activity is tied to community needs, CRA ratings reflect community impact, and bank mergers are denied unless they provide a clear public benefit that regulators will enforce

These are equity-forward imperatives that will strengthen the Community Reinvestment Act and ultimately our country's economic marketplace. They are particularly compelling for the challenges experienced by the population we serve, as described below.

MEDA serves a predominantly low-income Latino population that would be negatively and disproportionately impacted should the CRA not be adequately strengthened.[4] At MEDA, we lead with equity, which means our first point of analysis of any policy proposal is always, "How will this idea impact the most vulnerable in our community?" This is essential analysis so that we can continue to serve our community effectively to address their needs and vulnerabilities and leverage their strengths. Here is a snapshot of the community we serve: Among the thousands of clients that MEDA has served since the start of 2020, 83 percent are Latino, and 79 percent speak Spanish at home. Only four percent live in households that are NOT low income, per HUD standards. By contrast, 55 percent of clients live in households that are Extremely Low Income (between zero and 30 percent of the Area Median Income). Twenty-four percent reside in San Francisco's Mission District, with about 60 percent of clients

[4] All data from this section comes from: MEDA client data from Salesforce, January 2020 to October 2021

living elsewhere in San Francisco. Sixty-five percent lost their job since the start of 2020, and only 10 percent reported losing no income at all. Seventy-five percent reported being ineligible for federal relief funds during the COVID-19 pandemic.

Evolving Economic Disparities for Latinos in San Francisco

The conditions that exist in our community and the measures that have been taken to address growing inequity are worth noting. While San Francisco's Latino population has grown in the past 30 years, so have racial income gaps.[5] Since the 1990s, gentrification (through market-rate housing development, commercial growth catering to high-wage earners, new residents taking advantage of historically low-cost neighborhoods) has displaced Latino families from historically Latino-heavy neighborhoods on the city's East Side and Southside, such as the Mission District and Bernal Heights. However, the Latino population has increased in the vast majority of San Francisco neighborhoods. Between 1990 and 2020, the Mission District's Latino population decreased by 32 percent. Over the same time period, the citywide Latino population increased by 36 percent.

The increase in the Latino population, and the geographic dispersal of Latino families, has presented additional challenges for service providers and advocates: even as the population has increased, Latino families' financial circumstances have not improved much during a generation of rapid economic growth in the Bay Area. Between 1990 and 2019, the median household income in SF rose by 63 percent, after adjusting for inflation. However, for Latino households, the median household income only rose by 28 percent over the same time period.

Over the same three decades, the median rent in San Francisco rose by 41 percent—in other words, rents have increased at a significantly higher rate than the increase in Latino household incomes. Between 1990 and 2019, the gap between the median household income for white families and Latino families in San Francisco grew by a factor of five. These rising economic disparities seen citywide have been even more pronounced in the Mission District. That is, not only has the Mission witnessed a net loss of nearly 10,000 Latino residents in the past generation; but the Latino households who have managed to stay face steeper financial disparities on a local level. Between 1990 and 2019, Latino median household incomes in the Mission rose by 24 percent, compared to a 118 percent rise in Median Household Income (MHI) for all Mission households. The gap between Latino and white median household incomes grew by a factor of 20 over the same period. While the COVID-19 pandemic created disproportionate financial impacts for Latino workers, between 1990 and 2019 Latino unemployment rates fell by 60 percent. In other words, these rising income disparities cannot be explained by a rise in unemployment, but rather a widespread lack of access to jobs with living wages and other necessary family financial support.

[5] All data from this section comes from: 2020 U.S. Census, 2015-2019 American Community Survey Five Year Estimates.

While a majority of MEDA clients are banked, a testament to the success of our programs that encourage our clients to become banked, Latinos nationwide remain unbanked at higher rates. This should be another compelling reason to ensure that the CRA proposal is strengthened. Since the start of 2020, 95 percent (378 of 396) of MEDA's clients reported that they have a bank account -- including clients who have had the chance to work with MEDA service providers to establish key financial footholds.[6] However, on a nationwide scale Latinos face disproportionately low access to banking institutions. According to 2017 FDIC data, 30 percent of low-income Latino households nationwide are unbanked, compared to 20 percent of all low-income households. An additional 30 percent of Latino households are underbanked (have a bank account, but still rely on alternative financial services like check cashing), compared to 26 percent of all low-income households.[7] A recent nationwide survey by Credit Sesame indicates that Latino families are less likely than white families to have a credit card, and are more likely to report distrust of, or mistreatment by, crediting institutions[8]

Latinos are not the only population nationally who are unbanked at higher rates. According to Pew Charitable Trusts, citing FDIC data, "About 7.1 million U.S. households don't have a bank account, according to the Federal Deposit Insurance Corporation's latest survey in 2019. Rates are highest among low-income, Black, Hispanic and Native American households, as well as households headed by a person with disabilities, the FDIC survey shows. Nearly half of the unbanked people surveyed told the agency they can't afford to maintain a minimum balance in an account."[9]

Race and the CRA. The realities detailed above are vivid reminders of the importance of advancing racial equity and closing racial wealth gaps through this CCRA rulemaking process. We are disappointed that despite opening the door to hopes that the rules would clearly address the redlining concerns that gave rise to the CRA, the agencies have not done so. To address these shortcomings, the proposal should be amended to require banks to serve all communities, especially borrowers and communities of color. Closing the racial wealth gap will make the nation and the economy stronger, elevate the Gross Domestic Product and give the U.S. a more strategic competitive advantage. Examiners should review bank performance in meeting the credit needs of communities of color, similar to how banks are evaluated on their performance in

---

[6] MEDA client data from Salesforce, January 2020 to October 2021

[7] Guzman & Ryberg, "The majority of low-income Hispanic and Black households have little-to-no bank access, complicating access to COVID relief funds," *National Research Center on Hispanic Children and Families,* 11 Jun 2020. https://www.hispanicresearchcenter.org/research-resources/the-majority-of-low-income-hispanic-and-black-households-have-little-to-no-bank-access-complicating-access-to-covid-relief-funds

[8] "Black and Hispanic Americans on the U.S. financial system: "The odds were always against me," new Credit Sesame survey finds," *Cision PR Newswire,* 26 Jan 2021. https://www.prnewswire.com/news-releases/black-and-hispanic-americans-on-the-us-financial-system-the-odds-were-always-against-me-new-credit-sesame-survey-finds-301215072.html

[9] Quinton, Sophie, "Paying With Cash? Retailers Must Take Your Dollars in These States." *Pew Charitable Trusts, Stateline*, 11 May 2021 https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2021/05/11/paying-with-cash-retailers-must-take-your-dollars-in-these-states

meeting the needs of low and moderate income (LMI) borrowers and communities. Urban Institute analysis shows that LMI communities and communities of color are not the same. Bank records in extending fairly priced credit, financing community development, opening responsive account products and maintaining branches to and in communities of color should factor into a bank's CRA rating. This proposal not only fails to require this, but it also offers little as an alternative approach to addressing redlining and discrimination.

The proposal to disclose HMDA mortgage lending data on Performance Evaluations should be amended to make it stronger. It must do more to ensure meaningful transparency than merely requiring disclosure of already publicly available data on a report that the public rarely accesses. The agencies further clarify that any disparities in HMDA data will not impact the CRA rating of a bank. At a minimum, this proposal should be enhanced to also require all banks to place these home lending data tables and maps revealing inevitable disaggregated race and ethnicity disparities in a prominent place on their own websites, include similar tables and maps for small business lending by disaggregated race, ethnicity, gender and neighborhood when the Section 1071 data become publicly available, and provide that the data will impact CRA ratings.

The proposal raises the question as to whether CRA evaluations should consider Special Purpose Credit Programs (SPCPs). But, though SPCPs are meant to serve groups protected by fair lending laws, the proposal ponders SPCP evaluation only as to their impact on LMI consumers. The final rule must explicitly recognize the importance of SPCPs as a critical way for banks to help meet the local credit needs of communities of color, and SPCPs should garner CRA credit and positive impact points that enhance a bank's CRA rating, as should all activities that close wealth gaps for racial, ethnic, national origin, Limited English Proficient, LGBTQ and other underserved groups. These efforts are so important, even if their reach is limited.

One positive aspect of the proposal is the expansion of considerations of discrimination to include transactions beyond credit and lending, such as where discrimination occurs when a consumer tries to open a bank account. But an expanded definition of discrimination is only as helpful as the agencies' willingness and capacity to diligently look for evidence of discrimination and provide downgrades once it is found. The General Accountability Office recently found that fair lending reviews at the Office of the Comptroller of the Currency were outdated and inconsistent.[10] Agency enforcement of redlining or discrimination cases, as well as CRA ratings downgrades for discrimination, are exceedingly rare. Agency fair lending reviews should be more extensive and rigorous, should solicit and rely on feedback from all relevant federal and state agencies as well as community group stakeholders, and should be reflected more substantively on CRA Performance Evaluations. Findings of discrimination, including for disparate impacts relating to displacement financing, fee gouging or climate degradation, should

[10] General Accountability Office, "Fair Lending: Opportunities Exist to Enhance OCC's Oversight of Banks' Lending Practices," GAO-22-104717, June 21, 2022 available at: https://www.gao.gov/products/gao-22-104717

always result in automatic CRA ratings downgrades, if not outright failure. How can a bank that discriminates be said to be doing a Satisfactory job serving the community?

Community development. MEDA's CDFI, Fondo Adelante, was founded in 2014 to serve Latino, low-income and ITIN holders to provide greater access to low-cost business capital.[11]

Given our experience of providing significant and often transformative capital for small businesses through our CDFI, Fondo Adelante, we appreciate that the proposal focuses on encouraging banks to engage in community development activities, such as investing in CDFIs. Such activities can be amongst the most impactful ways for banks to support community needs and for CDFIs like our Fondo Adelante to distribute that capital to our community. But we are concerned that providing a lengthy list of eligible activities and making it easier to qualify for credit will exacerbate the current dynamic whereby banks engage in the easiest and potentially least impactful of Community Development activities. For the most part, CRA credit should only be provided where the majority of beneficiaries are in fact, LMI or Black, Indigenous or People of Color (BIPOC) regardless of where the activity occurs or with whom. Community Development activities should be tied to local community needs as identified in Performance Context analysis or community-negotiated Community Benefits Agreements, either as a condition of receiving CRA credit or through the use of enhancing impact scoring. Tribal or local government plans can serve this purpose of credentialing an activity as responsive to local needs, but CRA rules should not require association to government plans as local governments and local plans are uneven. We strongly oppose any raising of current asset thresholds, since doing so would result in less community development financing and branch consideration in rural areas served by community banks that would be subject to easier examinations and lower reinvestment obligations under the proposal if they are reclassified.

Small business lending. We applaud the proposed focus on small business lending to smaller businesses. We urge the regulators to require evaluation of both 1) lending to businesses with under $250,000 in gross annual revenue (as proposed), as well as 2) lending to businesses with under $100,000 in gross annual revenue. Such an approach would ensure that small businesses are served and would be consistent with the current CRA Small Business Lending reporting regime. Yet we are surprised and disappointed by the proposal to define small businesses as ones with $5 million or less in gross annual revenue. The $5 million threshold under Section 1071 was proposed by the CFPB for a different purpose altogether, namely, to establish reporting obligations under a fair lending rule that has not even been finalized (and which could change). Approximately 95% of small businesses, 97.7 of minority owned businesses and 98.3% of

[11] Fondo Adelante has provided significant capital to our community small businesses. Between 2015 and 2019, Fondo Adelante distributed $.2.7 million in loans for 89 small businesses. Between 2020 and 2022, Fondo Adelante has made $10.5 million in loans for 367 small businesses. Also, between 2020 and 2022, Fondo Adelante helped our community access $6+ million in grants and forgivable loans.

women owned businesses have less than $1 million in annual revenue,[12] so to establish the definition at $5 million seems counterproductive. The CRA rules should focus examiner attention on section 1071 data reporting, once public, to ensure equal access to fairly priced credit for women and BIPOC-owned businesses and for businesses with less than $1 million in revenue. Larger businesses do not need the CRA's encouragement to banks, yet banks may gravitate to larger businesses and away from small businesses if permitted to do so.

Affordable housing. As a non-profit affordable housing developer with 1,401 units preserved or produced in our portfolio, the preservation, production and protection of affordable housing for the low to moderate income communities we serve is of utmost urgency and importance. Affordable housing remains a fundamental need and priority for our state. Indeed, to move towards greater equity, affordable housing should be a fundamental right for those who need it. Mission-driven and community organizations such as ours have developed significant impressive capacity to use the scarce resources available to create affordable homes. A substantial source are the funds to CDFIs and direct funds to organizations for affordable housing capital and programs. However, the proposal threatens to damage one of the key tools in this limited affordable housing development infrastructure by doing away with the separate CD lending and CD investment tests. By combining CD lending and CD investing, we are greatly concerned that banks will retreat from Low Income Housing Tax Credits (LIHTC), which can be more complex and provide a lower rate of return than CD lending. Any decrease in appetite for LIHTC will likely result in fewer affordable housing deals, as well as higher costs that will translate into decreased affordability for projects that do get built. We urge the regulators to retain separate evaluations for CD lending and CD investing. Further, positive impact points should be given for projects that have deeper affordability, longer affordability terms and covenants, or are in higher opportunity areas.

Anti-displacement. MEDA as an organization has directly seen the impact of displacement mortgages where banks actively support speculative purchases of both residential and commercial buildings with underwriting assumptions of tenant displacement. This has led to the erosion of the Mission District from a mostly Latinx neighborhood in the 2000s and a 25% loss of Latinx households and the market for small businesses/community organizations. We appreciate the proposal's attempt to address displacement concerns by requiring that rents will likely remain affordable in order to qualify for CRA credit. But the agencies need to go further to discourage banks from financing displacement. While the proposal appears to refuse CRA credit for certain CD activities if they result in displacement, this requirement must be extended to all community development activity, especially affordable and NOAH housing analysis. Regulations should not allow community development credit unless banks can demonstrate that landlord borrowers are complying with tenant protection, habitability, local health code, civil

---

[12] See https://files.consumerfinance.gov/f/documents/201705_cfpb_Key-Dimensions-Small-Business-Lending-Landscape.pdf

rights, credit reporting act, UDAAP and other laws. Banks should adopt procedures such as CRC's Anti Displacement Code of Conduct and engage in due diligence on the Beneficial Owners of LLC property owners - data they already collect - to determine if there are any concerns relating to eviction, harassment, complaints, rent increases, or habitability of potential bank borrowers. It is not enough to cease offering CRA credit for harmful products. Banks must be penalized for harm. Bank regulators should conduct extensive outreach to community groups and engage in community contacts to investigate whether landlord borrowers are exacerbating displacement pressures or harming tenants. Because displacement often has a disparate impact on BIPOC and protected classes, examiners should consider disparate displacement financing to be discrimination, perhaps under the expanded definition, that should trigger CRA ratings downgrades and subject banks to potential enforcement action.

Positive impact points should be given for particularly responsive CD activities that fight displacement, such as support for property purchases by Community Land Trusts and other bona fide, mission-driven nonprofit organizations of rental housing that can be taken off of the speculative market leveraged by policies such as Tenant Opportunity to Purchase Acts (TOPA), Community Opportunity to Purchase Acts (COPA), and other initiatives such as our state law that provides CLTs, nonprofits and prospective owner occupants the right to match an investor's high bid at foreclosure auction to secure a property for the common good, not personal profit.

Broadband and Native Land Areas. Certain CD activities should be further encouraged by allowing for impact scoring and/or partial credit to the extent of LMI and BIPOC benefit even if that is less than 50%. Here, we think of broadband activities, which can be a gateway to all CRA activity (banking, housing, jobs, education, health, etc.), and support for Native Land Areas. We also support CRA credit for lending, investment and services provided to members of the Native American community and (Black Native American) Freedmen, regardless of where they reside.

Climate. We are pleased to see the proposal list climate resiliency and disaster preparedness as eligible activities in light of the devastating impacts of climate change on LMI and BIPOC communities meant to benefit from the CRA. The definitions in the proposal are strong and should be retained, perhaps with more detailed examples. But the agencies have again failed to provide for downgrades where banks engage in harm, such as fossil fuel financing. We have seen financial institutions tout green initiatives, which presumably could earn CRA credit, even where such positive efforts were completely undermined and overwhelmed by substantially greater investments in fossil fuel industries, many of which result in an overshare of environmental burden in LMI communities and communities of color. It is not enough to define positive activities. Banks must suffer penalties and downgrades for financing problematic industries. This is especially the case here, as climate degradation by banks has created a vicious circle where redlined communities disproportionately suffer climate harm at the hands of banks which may then deny loans to such neighborhoods on the grounds that they are too risky and pose safety and soundness concerns. The regulators should treat the financing of climate harm as discrimination that can subject banks to CRA ratings downgrades and possible CRA exam failure where this harm disproportionately impacts communities of color, as is often the case.

Mortgages. CRA credit should only be given for mortgage loan originations (not loan purchases by banks from other lenders) to owner occupants (not to investors), unless the originating lender is a mission-driven nonprofit, or the investor purchaser is an LMI or BIPOC buyer or mission-driven nonprofit organization. Positive impact points should be given to financing BIPOC-led/focused borrowers. To refine this point, we support the proposal to consider lending to low-income borrowers and communities separately from lending to moderate income borrowers and communities. We urge the regulators to evaluate lending for each loan purpose (home purchase, refinance, home improvement, HELOC) separately. CRA consideration should NOT be given for mortgage lending to non BIPOC, middle- and upper-income borrowers in LMI census tracts, as this fuels displacement, unless a census tract is shown through the use of established models and data to be in an area not subject to gentrification. We support the use of a primary product test to determine which bank products to evaluate, but this formula must not allow large banks to evade consideration of a sizable portion of their lending. To address this issue, we recommend that the primary products test be set at 15% of all bank products or 50 loans in an assessment area, whichever is smaller. We support a mortgage lending screening test and appreciate agency analysis that suggests that the new scoring model proposed will result in less inflated CRA ratings than currently. This would be a major advance. We are strongly opposed to any suggestion that a bank could fail to serve nearly 40% of its assessment areas and still pass its CRA exams. This seems a recipe for redlining of LMI and rural communities and communities of color.

Accounts and the Retail Services and Products Test. We support and urge proposals to provide both a quantitative and a qualitative review of responsive deposit and retail credit products. Banks should be evaluated not only for offering, for example, Bank On accounts, but for actually connecting consumers with such accounts. We strongly believe that regulators should review the quality of all bank credit and deposit products, especially in the consumer arena. This includes marketing, language access, terms, rates, fees, defaults, and collections. All bank subsidiaries, affiliates and Rent-a-Bank partnerships should be evaluated. Rent-a-Bank partnerships, in evading state law protections, are particularly pernicious and should be banned. But until then, all products originated through the use of exported bank rate caps should be evaluated as lending by that bank. All consumer loans should be evaluated if they constitute a major product line, not just auto loans. And again, it is imperative that there be a qualitative review of language access, pricing, fees, rates, delinquencies, collections, complaints by consumers and community groups, and investigations and enforcement actions by federal and state agencies. We are very concerned that combining all these critical components of CRA - meaningful access to branches, accounts, and responsive credit products - will give them insufficient consideration in a test representing only 15% of a bank's CRA rating.

Assessment Areas. We appreciate the proposal to expand CRA coverage beyond branch locations, as we have urged for years. The Retail Lending Assessment Areas are positive, though we suggest the thresholds be lower (50 mortgages or 100 small business loans should trigger CRA responsibility) and that bank obligations to serve these areas extend beyond retail lending to other bank offerings in order to ensure that more rural communities are covered and that they are better served. But, the agencies fail to create deposit-based assessment areas that require banks to reinvest dollars back into the communities from which the deposits derive. This is this whole idea behind CRA. Every large bank knows exactly where its deposits reside, and they should be required to disclose this publicly and to accept CRA assessment areas where significant deposits are domiciled. This is the only way to keep up with emerging industry and consumer trends, to ensure that deposits through neobanks and other deposit-gathering third parties are assigned to local communities, and to prevent abuses and evasions such as San Francisco-based companies like Square and Schwab establishing out-of-state non branch banks with no proposed CRA responsibility in California despite soliciting a plurality of deposits from California. There are a number of points in the proposal where the agencies would impose lesser obligations on banks with between $2 billion and $10 billion in assets compared to banks with over $10 billion in assets. We strongly feel that all large banks should be subject to all the responsibilities outlined for the largest banks. Finally, while we support expanding CRA beyond branches, the CRA should retain a focus on local communities and we urge the agencies to prioritize Facilities (branch) Based assessment areas, perhaps through greater weighting of bank performance there.

Community Participation. Though the agencies suggest that community participation is to be expanded, there is little evidence for that in the proposal. Current CRA rules and implementation, as well as this proposal, do a poor job of encouraging and valuing community input. Community comments on exams are not solicited, and when provided, they are ignored. Community contacts appear a relic of the past, and were never bank-specific, instead asking about community needs and how banks generally were doing. Banks and the relevant agencies should post all comments on bank performance on their websites and be required to provide a response. The agencies should actively solicit community stakeholder input on the performance of particular banks during CRA exams and bank mergers. Ninety days should be provided to the public to comment. Banks and regulators should clearly disclose contact information for relevant staff. Bank mergers should default to public hearings when public commenters raise concerns. Regulators must scrutinize bank merger applications to ensure that community credit needs, convenience and needs, and public benefit standards are met. Community Benefits Agreements should be encouraged as evidence that these standards can be met by the bank, and regulators should condition merger approvals on ongoing compliance with CBAs. Agencies should routinely review all existing consumer complaints, community comments, CFPB and agency investigations during CRA exams and merger reviews. In particular, community groups should be solicited for their views on bank practices relating to climate, displacement, discrimination, and other harms.

Conclusion

Mission Economic Development Agency (MEDA) appreciates the opportunity to comment on the proposed CRA rules. While there are positive aspects of the proposal, and the agencies are to be commended for working together, we cannot support this proposal in its current form. As outlined above, significant changes need to be made to the final rule to ensure that borrowers and communities of color are considered under the nation's anti-redlining law, that banks are penalized for harm caused to communities - such as through displacement, climate degradation, fee gouging, and discrimination - that community input is valued and elevated, and that complex formulaic evaluation methodologies do not result in banks failing to meet critical community needs relating to affordable housing, homeownership, small business development, broadband, and rural and Native American community access.

Thank you for considering these comments.

[redacted]

Norma P. Garcia
Policy Counsel, Director of Advocacy
Mission Economic Development Agency
2301 Mission St., Suite 301
San Francisco, CA 94110