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August 5, 2022

Chief Counsel's Office  
Attention: Comment Processing  
Office of the Comptroller of the Currency (OCC)  
400 7<sup>th</sup> Street SW, Suite 3E-218  
Washington, DC 20219

RE: Community Reinvestment Act, Docket ID OCC-2022-0002

The Hawaii HomeOwnership Center (HHOC) is submitting this letter to comment on the Notice of Proposed Rulemaking (NPRM) entitled "Community Reinvestment Act" published to the Federal Register on May 5, 2022, by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (which I'll refer to collectively as "the agencies").

HHOC is a non-profit organization created to support Hawaii families into home stability through homeownership classes, coaching, and post-purchase services. We also have 2 non-profit affiliates, HHOC Mortgage (HHOCM) and HHOC Housing and Land Trust (HHLT) with missions of providing affordable financing and creating/preserving affordable homes respectively. HHOCM is a non-profit mortgage broker and lender and certified as a Community Development Financial Institutions (CDFI). HHLT has purchased condominium units off the open market, renovated them, and subsidized the resale price to offer the homes at below-market prices. HHLT has future plans to partner with government agencies to purchase units under deed restriction to be sold back to the government - if/when the government is unable to purchase the unit themselves, HHLT would like to have the opportunity to buy the unit under its program.

HHOC is also a chartered member of NeighborWorks America, a non-profit created by Congress.

Here are our comments on sections of the NPRM:

- Regarding expanding automatic eligibility to additional community-focused entities:
  - We appreciate and support that CDFIs are automatically eligible for CRA credit. As our non-profit affiliate, HHOC Mortgage is a CDFI, we know the rigorous vetting process and that CDFIs help to meet the needs of low-moderate income communities and households.
  - We would advocate to allow additional organizations to be included in the automatic eligibility for CRA credit. These organizations include any organization chartered by NeighborWorks America. We know first-hand that it is competitive to become a NeighborWorks Organization



and the standards expected to sustain that chartered status through regular examinations and quarterly reporting - the high performance level of these organizations should make bank partnerships with them eligible for CRA credit.

- Similar treatment should also be extended to HUD-approved Housing Counseling Agencies, HUD-designated Community Housing Development Organizations, and HUD-approved non-profit organizations.
- Community Development Activities and Assessment Areas:
  - We applaud the agencies' measures to ensure that reforms to Assessment Areas do not support illegal discrimination or exclude low-moderate communities. Expanding the scope of CRA by allowing consideration of community development activities outside of a bank's assessment area, encourages banks to invest in high-need and remote areas.
- Weighting Retail and Community Development Tests:
  - We ask that the agencies reconsider weighting the test for retail and community development as 50/50. Of the 2 proposed tests under NPRM, the weighting of the standards will likely lead to investors not feeling incentivized to secure an outstanding rating on community development activities due to the weighting of the Community Development test.
  - As proposed, between the 2 tests there are only 2 combinations of test conclusions for a bank to receive an outstanding rating - both would require an outstanding conclusion on the retail test. As none of the 44 largest banks would currently receive an outstanding rating on the retail test, the outstanding rating is unattainable. The result may be that banks will aim for a satisfactory rating which only requires a Needs to Improve conclusion on the Community Development Test. This may lead to banks deprioritizing community development and conflict with the intent of the original legislation.
- CRA Exams and Race:
  - We recommend adding race into the CRA to identify racial disparities in a way that ensures equitable outcomes. While the proposed rule suggests using Home Mortgage Disclosure Act data as a tool to produce exam tables describing lending by race, the information is not considered in the bank's rating.
  - We appreciate the inclusion of the Special Purpose Credit Programs for special consideration. These can be powerful tools to provide homeownership opportunities for disadvantaged communities and populations.
- Recognizing Housing Counseling as a Vital Component of CRA Performance:
  - HHOC is a HUD-Approved Counseling Agency that provides services of homeownership preparation, post-purchase support, foreclosure prevention counseling, and renter counseling. Counseling goes beyond providing education and financial literacy skills - we contribute towards housing stability.
  - We believe that housing counseling should be valued at a higher level and considered as an activity within the CRA evaluation process.
- Community Development Services Test and Nonprofits
  - We encourage the agencies to increase the Community Development services test criteria/inclusions. As proposed, the test only includes in kind support to non-profits and government/tribal entities as well as financial education and counseling. Including grant contributions to non-profit organizations would diversity the activities under the test as well as support banks who make these types of investments in organizations.

Thank you for the opportunity to submit these comments and your desire to improve the CRA.

Sincerely,



Reina Miyamoto  
Executive Director