



**Community Development
Advocates of Detroit**

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Via Email / Online Submission

August 5, 2022

Re: Community Reinvestment Act of 1977 (CRA) Notice of Proposed Rulemaking (NPR)
Federal Reserve Docket No. R-1769 and RIN 7100-AG29
FDIC RIN 3064-AF81

Community Development Advocates of Detroit (CDAD) is a membership-centered, 501c3 nonprofit organization and intermediary with more than 200 dues-paying members. For over twenty years, CDAD has advocated for public policies and resources that advance the work of nonprofit, community-based organizations and resident-led groups in Detroit neighborhoods engaged in community and economic development, accessible and affordable housing, community organizing, and other activities designed to stabilize and revitalize the quality of life in Detroit.

CDAD appreciates the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding updating the Community Reinvestment Act (CRA). This NPR represents the most significant changes to the CRA regulation and exams in 27 years. CRA will be more effective in bolstering bank reinvestment activity in the Detroit community by adopting the changes and improvements recommended below.

CDAD and our members are experiencing and addressing the multiple crises and policy failures that have devastated Detroit neighborhoods: emergency management, municipal bankruptcy, foreclosures, evictions, utility shut offs, disinvestment and displacement. The pandemic exacerbated many pre-existing, longstanding crises and failures and ongoing systemic issues. We are on the front lines providing and advocating for services, supports and solutions. On many occasions, we have worked with and received support from financial institutions subject to the CRA. With the latest crisis, the COVID-19 pandemic, we feel it is even more important for these institutions to serve low and moderate income neighborhoods in Detroit.

We urge the three agencies to do the following:

- Increase the rigor of bank exams and ratings as well as improve data collection for deposits, community development activities and automobile lending as recommended by the National Community Reinvestment Coalition and the affiliated Detroit coalition.
- Explicitly consider bank activity, bank customers and communities by race and ethnicity. Collect data related to race in the retail and community development tests, make that data public, and use it consequentially in CRA exams. We support NACEDA's recommendations that will enhance the likelihood that Black and Brown Detroiters are more equitably served by banks in our community.
- Define an automobile loan as a consumer loan; evaluate under the metrics-based Retail Lending Test; and adopt the agencies' proposal to use a set of geographic distribution and borrower distribution metrics to measure bank performance for each major product line. We recognize that automobile loans are important in Detroit where jobs and other economic opportunities are significant distances from where people reside and that public transportation is not readily available nor reliable. Having an automobile in Detroit has become increasingly important during the pandemic.
- Examine lending that occurs online. We support the proposal to create assessment areas where a large bank does not have branches when a bank has issued 100 home loans or 250 small business loans
- Disallow banks use of automatic teller machines to report their presence in LMI communities. One CDAD member explained she had to drive over 20 minutes from her Detroit home to a suburban community to locate a full-service branch of any bank. During her drive, she passed several ATM machines in isolated, poorly lit and poorly maintained parking lots.
- Improve public input mechanisms and codify the agencies' proposed improvements to public access to CRA performance information and to public comments. The agencies have proposed to continue the current practice of sending any comments on CRA performance to banks and are also considering publishing comments received on agency websites. We support holding more frequent public hearings on large bank mergers. We encourage the agencies to begin thinking *now* about how to inform Detroiters about the CRA and how to roll out a new rule to Detroit stakeholders, in addition to banks.
- Give more consideration and acknowledgement to banks that utilize effective, creative, and exemplary local community engagement strategies. We agree with NACEDA's recommendation that exemplary community engagement strategies in LMI areas be recognized as a standalone impact review factor when regulators are considering CRA credit for an eligible community development activity.

- Recognize that CRA will be essential for a just COVID-19 economic recovery in communities, like Detroit, hard hit by the pandemic. Encourage small dollar loans and give sufficient credit for waiving fees, forbearances and loan modifications.

Lastly, CDAD wants to remind the agencies that “community” should be the primary focus of the CRA and exams, not what is preferred by banks and the banking industry. If nearly every bank continues to pass their CRA exams, banks will not engage in serious efforts to positively impact communities of color and LMI neighborhoods in Detroit by developing and delivering suitable bank products and services serving the needs of Detroit residents particularly the un-banked and under-banked and by helping residents, businesses and nonprofits in these neighborhoods recover from the pandemic

The NPR is a good start and promises to make parts of CRA exams more rigorous. We also ask the agencies to incorporate race in CRA exams, to expand the public reporting of their data collection proposals and to incorporate the other improvements discussed above. If CRA is improved while maintaining public input and accountability, we believe the proposed rule could help reduce inequalities, disinvestment and other disadvantages in Detroit’s neighborhoods that are often overlooked and underserved in comparison to banking products and services and access to capital and resources readily available to other communities in the Metro Detroit banking market.

Sincerely Yours in Love and Victory,

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