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**From:** Lori Hall [LHall@lisc.org]  
**Sent:** 8/5/2022 8:53:19 PM  
**To:** Comments [comments@fdic.gov]  
**Subject:** [EXTERNAL MESSAGE] CRA Reg Comments

Over the span of my 25+ year career in Community Development, I have witnessed first-hand the impact of the original CRA regulations in the community. As both a monitor of federal funding and subsequent implementer of federally funded housing nonprofits/programs, here are the pros and cons of CRA regulations in the field:

1. The CRA requirements should not be limited just to financial institutions. The credit unions should also be held accountable but, on a smaller level as they have a much smaller financial footprint in the community than the major financial institutions. This unequal application of the regulations also creates an underlying resentment and division between the banks and the credit unions. This is not conducive to effective partnerships in community development that the nonprofits are forced to pick sides verses working with a variety of community financial partners.
2. The tail is wagging the dog. For example, mortgage lending banks require <80% AMI home buyers to take a home buying class from housing counseling agencies. They get a customer and require them to get a home buyer education certificate within 2 weeks of closing their mortgage loan. The lending institutions are not operating in good faith nor respecting the good work of the professionally certified housing counseling industry. They are making decisions for the customer regarding home buyer education by not giving them ample opportunity to take a home buyer course in advance of the loan closing process. Banking institutions have not embraced the spirit of CRA. If there is nothing in it for them, they contribute in the least way possible. They expect new banking customers and pressure nonprofits to work exclusively with them on lending. Even if their loan product is lesser than a competitor's loan product, they expect housing nonprofits to support and market their loan product. They will influence nonprofit board membership to mobilize against any leadership that does not support their efforts. This is damaging to the community and it does not jive with the original intentions of the CRA.
3. In spite of these issues, I have seen the positive impact of CRA. For example, tandem lending between the lending institutions and housing nonprofits has helped a lot of minority and working families achieve home ownership resulting in asset building and opportunities for building generational wealth. This lending model packs a big punch including financial and pre/post home buying education, down payment and closing cost assistance, and affordable, long-term housing costs. Today, with rising construction and labor costs and less product availability on the market, this model is necessary to help many working families achieve homeownership.

4. I would strongly recommend strengthening and expanding the role of CRA – put some teeth in it -- for these reasons:
- The banks were bailed out and yet, they are flush with profit. Corporate responsibility shouldn't be required but, expected. Unfortunately, the banks must be required to be good community stewards. Putting teeth in the CRA is the only way to accomplish this task.
  - The U.S. has built an extraordinary group of housing nonprofits with decades of experience and results. We are in a housing crisis. These housing nonprofits are your infrastructure because they work with the people and put the housing units on the ground. They strengthen families, build thriving communities, and support small and large businesses.
  - CRA should be part of the housing crisis solution. It's 2022 and Freddie Mac and Fannie Mae are just now creating equity plans whose lives will depend on political whims. This is not the way to build a strong housing infrastructure. The lending institutions can make money and do the right thing but, it's up to you to set those guidelines.

Thank you.

Lori Hall  
Affordable Housing Expert, Experienced Community Developer, Housing Counseling  
Trainer

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