
From: Joyce Dillard <dillardjoyce@yahoo.com>
Sent: Friday, May 17, 2013 3:47 PM
To: Comments
Subject: Comments to FDIC-2013-0024-0001 Community Reinvestment Act: Interagency Questions and Answers due 5.17.2013

You have not taken into consideration the word "COMMUNITY" in Community Development. Community is being refined in your proposal.

You state:

The Agencies note that community development is an important component of community reinvestment

Comment:

Not clear is the direction of reinvestment as Housing or as Economic Development. Reinvestment is not geared to those who live in the "community" and should benefit but to those who invest in the community. When a community does have reinvestment dollars or even tax credits because of their qualifications, circumstances change and gentrification occurs. This is not addressed at all in this presentation.

Financial Institutions are being boxed to serve a few. This is a major flaw being solved by the use of National Markets, not local communities. This process is virtually unknown to those who live in Local Communities affected. As economies go underground, National Markets have no effect.

You state:

Instead, the Agencies propose to state that community development activities located in the broader statewide or regional area that includes an institution's assessment area(s) but that will not benefit those assessment area(s) "must be performed in a safe and sound manner, consistent with the institution's capacity to oversee those activities and may not be conducted in lieu of, or to the detriment of, activities in the institution's assessment area(s).

Comment:

Residents in these qualified areas are being used as pawns with the no intent to service their needs.

You state:

The regulations recognize that community development organizations and programs are efficient and effective ways for institutions to promote community development. These organizations and programs often operate on a statewide or even multistate basis.

Therefore, an institution's activity is considered a community development loan or service or a qualified investment if it supports an organization or activity that covers an area that is larger than, but includes, the institution's assessment area(s).

The institution's assessment area(s) need not receive an immediate or direct benefit from the institution's participation in the organization or activity, provided that the purpose, mandate, or function of the organization or activity includes serving geographies or individuals located within the institution's assessment area(s).

Comment:

You obvious do not refer to the rights of Citizens under the Constitution. Organizations and programs are not representational and serve little to no purpose, other than control of a territory.

Why have Financial Institutions support ineffective, unconstitutional programs that are disguised as representational with no due process or ability to petition for duress.

You state:

However, such community development activities must be performed in a safe and sound manner consistent with the institution's capacity to oversee those activities and may not be conducted in lieu of, or to the detriment of, activities in the institution's assessment area(s).

When evaluating whether community development activities are being conducted in lieu of, or to the detriment of, activities in the institution's assessment area(s), examiners will consider an institution's performance context, including the community development needs and opportunities in its assessment area(s), its business capacity and focus, and its past performance.

Comment:

How do you determine this-by tax returns, financial statement, a press release?

You state:

A "regional area" may be an intrastate area or a multistate area that includes the financial institution's assessment area(s). Regional areas typically have some geographic, demographic, and/or economic interdependencies and may conform to commonly accepted delineations, such as "the tri-county area" or the "mid-Atlantic states." Regions are often defined by the geographic scope and specific purpose of a community development organization or initiative.

Comment:

Regional areas have no elected representation. So you are gearing this program to private companies, like non-profit organizations.

You ask:

Do the revised Q&As clearly convey the Agencies' intent that community development activities in the broader statewide or regional area that includes an institution's assessment area(s) will receive consideration?

Response:

No. Community Development activities defined in this way, just allow political clout, fundraising outreach and have no basis in affecting real lives.

In fact, electioneering is becoming quite common with non-profit organizations in community development. The closer they stay to a voting public, they outreach and advocate for candidates and issues. This relationship is established over a period of time, far before any election, but bonds are established to gain loyalties for the few, not self-sufficiency for the many.

You have empowered private organizations even more than we can even explain.

You ask:

Will this clarification of consideration in the broader statewide or regional area that includes an institution's assessment area(s) provide an incentive for banks to increase their community development activities or expand their opportunities to engage in community development activities?

Response:

They are not "engaged" by this. They are contributors to allowing the seeds of corruption and organized crime to dominate.

You ask:

Does “community development activities being conducted in lieu of, or to the detriment of, activities in the institution’s assessment area(s)” raise the same uncertainty as “adequately addressed the community development needs of its assessment area(s)”? If so, how can the Agencies better describe the concept that a financial institution cannot ignore legitimate and financially reasonable community development needs and opportunities in its assessment area(s) to engage in community development activities elsewhere in the broader statewide or regional area when those activities will not provide any benefit to its assessment area(s)?

Response:

They cannot ignore them, but local government must allow them to market properly and without interference.

In the City of Los Angeles, we have Ordinances that allow a Non-Profit Organization to run an Economic Development Department to replace the defunct State Community Redevelopment Agency.

This is a consideration for larger developers who operate within State law jurisdictions. Benefits and entitlements associated with Tax Credits through the California Debt Limit Allocation Committee may be executed anywhere in the State. You are justifying that nothing remains local and therefore beneficial to the immediate residents of the qualified areas.

You ask:

Is the proposed definition of “regional area” sufficiently clear and appropriately flexible?

Response:

Flexible? No, you have made the basis for economic development poverty for all parts of any “area” regional or otherwise.

You state:

In doing so, the proposed Q&A stresses that investments in nationwide funds may be suitable investment opportunities, particularly for large financial institutions with a nationwide branch footprint or for other financial institutions with a nationwide business focus, including wholesale or limited purpose institutions. Large institutions with a nationwide branch footprint typically have many assessment areas in many states; thus, investments in nationwide funds are likely to benefit such an institution’s assessment area(s), or the broader statewide or regional area that includes its assessment area(s), and provide that institution with the opportunity to match its investments with the geographic scope of its business.

Moreover, nationwide funds may be an effective means of engaging in community development activities for other financial institutions with a nationwide business focus, including wholesale or limited purpose institutions, which are evaluated under the community development test.

Comment:

You have made Financial Instruments the basis for poverty and are setting up Philanthropy as the method and consequently boxing those residents into a world of finance and legal prowess, unbeknownst to them.

You ask:

Would the proposed revised Q&A assist institutions that deliver products on a nationwide basis to address community needs in areas where they provide products and services?

Response:

Housing appears to be your focus here. Corridors of business development including foreign investors would be attracted to this. Employment is usually geared to the highly education, and in the City of Los Angeles, this means attracting the professionally-trained foreign student market to stay.

Gentrification is not addressed.

You state:

One prong of the definition of “community development” is providing community services targeted to low- or moderate-income individuals.

Comment:

This is not your real market. It is your “front” market for those wiser and versed in the system.

You state:

Examples of ways in which an institution could determine that community services are targeted to low- or moderate-income persons include:

- The community service is targeted to the clients of a nonprofit organization that has a defined mission of serving low- and moderate-income persons, or, because of government grants, for example, is limited to offering services only to low- or moderate-income persons.
- The community service is offered by a nonprofit organization that is located in and serves a low- or moderate-income geography.
- The community service is conducted in a low- or moderate-income area and targeted to the residents of the area.
- The community service is a clearly defined program that benefits primarily low- or moderate-income persons, even if it is provided by an entity that offers other programs that serve individuals of all income levels.
- The community service is offered at a workplace to workers who are low-and moderate-income, based on readily available data for the average wage for workers in that particular occupation or industry (see, e.g., <http://www.bls.gov/bls/blswage.htm> (Bureau of Labor Statistics)).
- The community service is provided to students or their families from a school at which the majority of students qualify for free or reduced-price meals under the U.S. Department of Agriculture’s National School Lunch Program.
- The community service is targeted to individuals who receive or are eligible to receive Medicaid.

Comment:

There is insufficient oversight in this area and few are served by these organizations. There is little disclosure.

Many non-profit organizations now function in areas of profit, such as Project Managers for government construction projects with overhead at rates higher than the government.

Who really benefits? Poverty is encouraged for the financial benefit returned.

You ask:

Will the use of eligibility for free and reduced-price meals and Medicaid effectively identify individuals who are low- or moderate-income?

Will the use of these proxies reduce the burden on financial institutions and community organizations to obtain actual income and, thus, promote the provision of community development services?

Are there other commonly used proxies for low- or moderate-income that should be specifically included in the Q&A?

Response:

You have no grasp of the politics and economic functions in the low- or moderate-income communities, its fears, compromises and third world restrictions.

You state:

Examples of community development services include, but are not limited to, the following:

- Providing financial services to low- and moderate-income individuals through branches and other facilities located in low- and moderate-income areas, unless the provision of such services has been considered in the evaluation of an institution's retail banking services under 12 CFR II.24(d);

- Increasing access to financial services by opening or maintaining branches or other facilities that help to revitalize or stabilize a low- or moderate-income geography, a designated disaster area, or a distressed or underserved nonmetropolitan middle-income geography, unless the opening or maintaining of such branches or other facilities has been considered in the evaluation of the institution's retail banking services

under 12 CFR II.24(d);

- Providing technical assistance on financial matters to nonprofit, tribal, or government organizations serving low- and moderate-income housing or economic revitalization and development needs;

- Providing technical assistance on financial matters to small businesses or community development organizations, including organizations and individuals who apply for loans or grants under the Federal Home Loan Banks' Affordable Housing Program;

- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;

- Providing credit counseling, homebuyer and home-maintenance counseling, financial planning, or other financial services education to promote community development and affordable housing, including credit counseling to assist low- or moderate-income borrowers in avoiding foreclosure on their homes;

- Establishing school savings programs or developing or teaching financial education or literacy curricula for low- or moderate-income individuals;

- Providing electronic benefits transfer and point of sale terminal systems to improve access to financial services, such as by decreasing costs, for low- or moderate-income individuals;
- Providing international remittance services that increase access to financial services by low- and moderate-income persons (for example, by offering reasonably priced international remittance services in connection with a low-cost account);
- Providing other financial services with the primary purpose of community development, such as low-cost savings or checking accounts, including “Electronic Transfer Accounts” provided pursuant to the Debt Collection Improvement Act of 1996, individual development accounts (IDAs), or free or low-cost government, payroll, or other check cashing services, that increase access to financial services for low- or moderate-income individuals; and
- Providing foreclosure prevention programs to low- or moderate-income homeowners who are facing foreclosure on their primary residence with the objective of providing affordable, sustainable, long-term loan modifications and restructurings.

Examples of technical assistance activities that might be provided to community development organizations include:

- Serving on the board of directors;
- Serving on a loan review committee;
- Developing loan application and underwriting standards;
- Developing loan-processing systems;
- Developing secondary market vehicles or programs;
- Assisting in marketing financial services, including development of advertising and promotions, publications, workshops and conferences
- Furnishing financial services training for staff and management

- Contributing accounting/ bookkeeping services; and
- Assisting in fund raising, including soliciting or arranging investments.

Comments:

Just state that the assistance is for developers, not micro business or families.

You state:

Examiners will give quantitative consideration for the dollar amount of funds that benefit an organization or activity that has a primary purpose of community development.

If an institution invests in (or lends to) an organization that, in turn, invests those funds in instruments that do not have as their primary purpose community development, such as Treasury securities, and uses only the income, or a portion of the income, from those investments to support the organization's community development purposes, the Agencies will consider only the amount of the investment income used to benefit the organization or activity that has a community development purpose for CRA purposes.

Comment:

This supports only the larger organizations with unidentified funding sources.

You ask:

Is the proposed new Q&A sufficiently clear?

Will the proposed Q&A encourage or discourage investments or loans in organizations with a community development mission?

Does the proposed Q&A provide the flexibility necessary to encourage community development activities, whether direct, indirect, or through the provision of capital investments, in connection with an organization with a primary purpose of community development?

Response:

There is little flexibility and focus only on the established, larger organizations. Many ex-Councilmember employees work for these institutions.

It is for those who know the system and you have reinforced that fact.

You state:

An institution's record of making community development loans may have a positive, neutral, or negative impact on the lending test rating. Community development lending is one of five performance criteria in the lending test criteria and, as such, it is considered at every examination.

Comments:

This has become dependent on the involvement of elected officials and not Citizen Participation.

You ask:

Does the proposed Q&A recognize the appropriate value of community development lending, while allowing flexibility based on performance context consideration?

Will this proposed Q&A help to promote additional community development lending?

Does this proposed Q&A appropriately clarify the consideration given to community development lending as one of the five performance criteria under the lending test?

Does this proposed Q&A raise any issues that the Agencies will need to address with revised ratings guidance?

If so, what are they and how should they be addressed?

Response:

You have set up pseudo-Redevelopment Agencies without open Public Meetings or any Due Process.

You state:

This Q&A explains that activities with minority- and women-owned financial institutions and low-income credit unions do not have to benefit the majority-owned financial institution's assessment area(s); however, such activities must help meet the credit needs of the local communities in which the minority- or women-owned financial institutions or low-income credit unions are chartered.

The Q&A also provided examples of activities undertaken by a majority-owned financial institution in cooperation with minority- or women-owned financial institutions or low-income credit unions that would receive CRA consideration.

Comment:

Unfortunately, the City of Los Angeles has used this for ALL city contracts. This considers every contractual transaction as a Reinvestment transaction.

Overall:

No one has addressed Voter Turnout as part of Community Development.

No one has addressed the mapping of the qualified areas over time.

No one has addressed the complexities of union issues in these matters.

No one has addressed Pension Plan investments.

No one has looked at the overall sustaining of housing units, or lack thereof, as affordable or even the inventories.

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