

To: [Comments](#)  
Subject: Attention: Robert E. Feldman, Executive Secretary, CRA comments  
Date: Monday, November 10, 2014 9:57:20 AM

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November 10, 2014

**Office of the Comptroller of the Currency:** Docket ID OCC-2014-0021

**Federal Reserve Board:** Docket OP-1497

**Federal Deposit Insurance Corporation:** Attention: Robert E. Feldman, Executive Secretary, CRA comments

**RE:** Proposed Changes to the Interagency Q&A Regarding Community Reinvestment

I started my 40-year community development career as a graduate student conducting research that led to HMDA's passage by Congress in 1975. I then worked with Gale Cincotta for over a decade to implement the Community Reinvestment Act (CRA) after it became law.

I was a board director of the National Community Reinvestment Coalition for over 20 years. I also served on the Federal Reserve Board's Consumer Advisory Council [1996 – 1998], serving as Vice-Chair of its Bank Regulation Committee in 1998.

I am writing to respond to the request for comments on the proposed changes to the "Interagency Questions and Answers Regarding Community Reinvestment." The regulatory agencies should be commended for proposing to reward small dollar lending and the use of alternative credit histories with Community Reinvestment Act (CRA) credit.

However, the agencies should reconsider alternative service delivery methods. Access to banking services for low- and moderate-income (LMI) communities is a key component of CRA, and financial institutions must meet a high bar to prove that alternative service delivery methods are meeting the needs of LMI individuals. Until it is clear that alternative service delivery methods fully meet the needs of low- and moderate-income individuals and communities, bank branches should continue to receive greater weight on the service test of CRA examinations.

I support the recommended updates to the question addressing innovative and flexible lending practices.

- 1) I encourage the Agencies' inclusion of using alternative credit histories as a practice that warrants CRA credit. Many existing underwriting practices effectively exclude a large number of creditworthy LMI borrowers. Financial institutions would have a greater incentive to integrate alternative credit histories into their business with the added clarity that the practice is eligible for CRA credit.
- 2) Small dollar loan programs offer a promising alternative to higher-cost loans offered by institutions like payday lenders. Small dollar loan programs can be especially useful in meeting the credit needs of senior citizens. With financial literacy and savings components,

these loan programs offer real opportunities to help build sustainable wealth and financial knowledge. However, these small dollar loan programs should only be awarded credit if they are safe and sound alternatives to high-cost and predatory products.

- 3)** Activities promoting economic development should receive CRA credit for creating and retaining permanent jobs through:
  - Workforce development and/or job or career training programs that target unemployed or low- and moderate-income persons; or
  - Technical assistance or supportive services for small businesses or farms.
- 4)** Inclusion of “green,” energy-efficient technology in affordable housing projects should be encouraged with additional CRA credit if there is a direct, demonstrated benefit to low- and moderate-income residents.

These positive changes may be mitigated by changes to other questions and answers, most notably the proposed changes that address advancements in financial service technology.

- 1)** There is a need to account for changes in banking technology and how customers engage with financial institutions. Yet access to bank branches must continue to be given primary emphasis in determining a bank’s CRA service test rating. So long as assessment areas are regional, examiners must restrict their assessments to a financial institution’s performance and services in those areas.
- 2)** The existence of online and mobile technologies and services alone is insufficient. To warrant CRA credit, it must be clear that:
  - a) those services are accessible to LMI individuals and geographies;
  - b) there is actual adoption of those technologies by LMI individuals and geographies;
  - c) those technologies are the preferred method of engagement; and
  - d) those services are not the sole method for LMI individuals and geographies to engage financial institutions.
- 3)** Regulators should not be awarding CRA credit for a financial institution’s support for expanded broadband access. Broadband access is a growing need, especially in rural areas. But giving CRA credit for supporting broadband expansion is problematic. It is more important to use CRA credit to encourage financial institutions to find more direct ways to meet the needs of LMI individuals and geographies.

I request the banking regulatory agencies to consider this feedback and to strengthen the revisions to the Interagency Questions and Answers document to ensure that LMI communities continue to receive adequate and accessible banking services. Thank you for your consideration.

Sincerely,

Ted Wysocki  
Chicago, IL

[tedwysoki@prodigy.net](mailto:tedwysoki@prodigy.net)

773-415-6197

cc: National Community Reinvestment Coalition