

Public Comments on Interagency Questions and Answers Regarding Community Reinvestment
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RIN:

To Whom It May Concern:

I am writing on behalf of the Metropolitan Milwaukee Fair Housing Council (MMFHC), to comment on the proposed changes to the Interagency Questions and Answers Regarding Community Reinvestment. Fair and equal access to credit and capital are essential components of the healthy, integrated communities we work to achieve and support. Among other activities, MMFHCs Fair Lending Program works with lenders to help them identify products and programs to fit the needs of underserved individuals and communities.

MMFHC is an active member of the National Community Reinvestment Coalition (NCRC), and along with NCRCs members across the country, we commend the regulatory agencies proposals to reward Community Reinvestment Act (CRA) credit for institutions that do small dollar lending and use alternative credit histories. However, along with NCRC, we urge the agencies to reconsider the suggestions regarding alternative service delivery methods. Access to banking services for low- and moderate-income (LMI) communities is a key component of fair lending and 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.

We commend the regulatory agencies on some of the proposed updates and changes to the Q&A. Specifically, we are pleased with the recommended updates to the question addressing innovative and flexible lending practices.

1) We are encouraged by 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, which has a particularly troubling impact on immigrants and people of color. 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. And with the financial literacy and savings components, these loan programs offer real opportunities to help build sustainable wealth and financial knowledge. It must be clear to examiners, however, that these small dollar loan programs should only be awarded credit if they are safe and sound alternatives to high-cost and predatory products.

Yet these helpful changes are outweighed by our concerns with proposed changes to other CRA questions and answers, most notably the proposed changes that address advancements in financial service technology. Our principal concerns are listed below.

1) There is a need to account for changes in banking technology and how customers engage with financial institutions. As a result of online and mobile technology, financial institutions can reach consumers in new ways, yet access to bank branches must continue to be given primary emphasis in determining a bank's CRA service test rating. Additionally, it must be made clear that financial institutions will not receive CRA credit even for the LMI individuals and geographies outside the financial institutions established assessment areas that are reached through mobile or online technology. 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 award CRA credit for a financial institution's support for expanded broadband access. Broadband access is a growing need, especially in rural areas, and it is a clear priority for the Administration. 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 credit and capital needs of LMI individuals and geographies.

We urge the banking regulatory agencies to consider this feedback and to strengthen the revisions to the Interagency Questions and Answers document to ensure that LMI individuals and communities receive fairly-priced, and adequate and accessible loans and banking services.

Thank you for your consideration.

Sincerely,

Bethany Sanchez
Metropolitan Milwaukee Fair Housing Council