

From: [Jack Hanson](#)
To: [Comments](#)
Subject: [EXTERNAL MESSAGE] RIN 3064-AF22 - comments on proposed rulemaking, CRA regulations
Date: Monday, January 13, 2020 1:58:10 PM

13 January 2020

RE: Notice of Proposed Rulemaking, CRA Regulations

To Whom it May Concern:

I oppose the proposed changes to the Community Reinvestment Act (CRA) regulations because they are deeply misconceived. The proposed regulations, if implemented by the Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corp. (FDIC), would diminish banks' public accountability to their communities. The proposed regulations would establish unclear performance measures on CRA exams that would not adequately assess a bank's responsiveness to local needs. Contrary to the OCC's and FDIC's assertions that their proposed changes would increase clarity and CRA accountability, the result will be significantly fewer loans, investments, and services to low- and moderate-income (LMI) communities.

As a resident of Milwaukee, Wisconsin – a city with a long history of geographic segregation along racial lines – I rely on the CRA to ensure that the banks that operate in my community serve the needs of local communities.

The proposed regulations would dramatically lessen CRA's focus on LMI communities, which directly contradicts the original intent of the law – *viz.*, to address redlining. The definition of affordable housing would be relaxed to include middle-income housing in high-cost areas. The proposed regulations would include the financing of large infrastructure projects such as bridges to qualify as CRA-eligible activity. Even financing "athletic" stadiums in Opportunity Zones would count as an eligible activity.

While the proposed regulations recognize changes in the banking industry such as the increased use of online banking, the proposed reforms to the geographical areas on CRA exams are problematic and would reduce transparency. Due to the lack of publicly available data, neither the agencies nor the public can, at present, evaluate the agencies' proposal to designate additional geographical areas on CRA exams for internet banks. The public does not have a fair chance to offer comments on the effectiveness of significant proposed changes whose impacts are unknown.

The agencies propose an evaluation system that would further inflate ratings while decreasing the responsiveness of banks to local needs. The agencies propose a one ratio measure that would consist of the dollar amount of CRA activities divided by deposits. This measure would likely encourage banks to find the largest and easiest deals anywhere in the country as opposed to focusing on local needs. Under the proposal, banks could fail in one half of the areas on their exams and still pass, so the likelihood of banks seeking large and easy deals anywhere would increase. Also, the proposal would relax requirements that banks serve areas where they have branches first before they can seek deals elsewhere.

The proposal would retain a retail test that examines home, small business, and consumer

lending to LMI communities, but this retail test would be pass or fail. In contrast, the current retail test has ratings that count for much more of the overall rating. Moreover, the proposal would result in branch closures since it would eliminate the test that scrutinizes bank branching and provision of deposit accounts to LMI customers.

The agencies also propose to allow banks that receive “Outstanding” ratings to be subject to exams every five years instead of the current two or three years. This could result in banks not making much effort in the early years of an exam cycle to serve their communities.

Instead of weakening the CRA, the OCC and FDIC should enact reforms that increase bank activity in underserved neighborhoods. The proposed regulations do not address persistent racial disparities in lending by strengthening fair lending reviews on CRA exams or adding an examination of bank activity to communities of color.

This deeply flawed proposal would result in less lending, investing, and services for the very communities that were the original focus of the CRA in 1977. This backtracking will violate the agencies’ obligation under statute to ensure that banks are continually serving community needs. The FDIC and OCC need to discard the current proposed regulations and, instead, work with the Federal Reserve Board to develop an interagency rule that will continue – instead of reversing – the gains already achieved under CRA.

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