



POLK BROS FOUNDATION



CONANT FAMILY FOUNDATION

April 3, 2020

The Honorable Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

The Honorable Joseph M. Otting
Comptroller of the Currency, Treasury
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Re: Docket ID FDIC RIN 3062 AF 22 and Docket ID OCC-2018-008

Dear Mr. Otting and Mr. Feldman,

As a group of private philanthropies and public charities serving the Chicago area, we are deeply concerned about the Office of the Comptroller of the Currency's and the Federal Deposit Insurance Corporation's proposed rule Docket ID OCC-2018-0008 to modernize the Community Reinvestment Act (CRA). Any effort to modernize the CRA should strengthen consumer and small business lending and ensure that the investments that qualify as CRA activity reflect the needs of the community. The proposed rule would do more to undermine than strengthen the intent of the Act.

An explicit intent of the Community Reinvestment Act is to ensure financial institutions meet the credit needs of the communities in which they are chartered, including low and moderate income communities. The Act was passed in 1977 to redress the systematic denial of home mortgage and small business lending in low and moderate income communities and communities of color, a practice known as "redlining." Banks in Chicago actively engaged in this practice, but it was also Chicago community leaders and residents that organized to protest and have this practice banned. It was through continued advocacy after this practice was banned that banks were finally required---through the Community Reinvestment Act---to demonstrate and be held accountable for lending and investing in underinvested communities across the country.

Under these new proposed rules, the Act will be weakened and banks will not be held to as high a standard in demonstrating their lending and investment in low and moderate income communities. Their activities will be more opaque and less subject to accountability by government regulators and community stakeholders alike. We have three primary concerns:

1. The CRA loan deposit aspect of the retail banking test has been changed to allow banks to meet a flat ratio of CRA activities, regardless of whether those activities meet community need.
2. The data measuring a financial institution's activities in applying this metric will not be made public, limiting accountability.
3. Taken as a whole, the proposed rule will dis-incentivize banks and financial institutions from being strong partners in efforts to invest in underinvested communities, and to enhance economic stability, mobility and wealth creation for low and moderate income households.

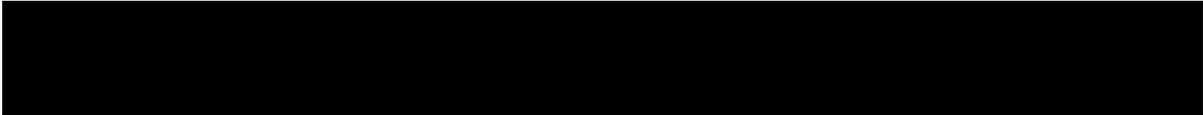
Under the proposed flat ratio there is no condition that any portion of CRA activity must include consumer lending or community development activities, the very activities that the Act was originally meant to hold banks and financial institutions responsible for providing. These products and services are needed by many low and moderate income communities where households remain unbanked or underbanked, leaving them vulnerable to high-cost alternative financial service providers like payday lenders and check cashers. Any rule that does not explicitly call out the provision of safe and affordable products and services for low and moderate income borrowers as a CRA-qualifying activity is not consistent with the original intent of the CRA.

Further, we oppose reducing the CRA activity test to a single quantitative metric, without also making all of the underlying data publicly available. As proposed, it both allows regulated institutions to make a single high-value investment, such as providing financing for a new stadium or public works project that only partially benefits underinvested communities. It also does not provide the data and information necessary to hold banks accountable for meeting community needs. As a result, banks can fulfill their CRA duty with a single investment, regardless of whether or not that bank has adequately met the consumer lending needs of residents in their assessment area. Therefore, we oppose reducing bank CRA tests to this single metric, and request that any new rules also increase data transparency and accountability for any measure that assesses banks on whether or not their CRA activity is sufficient to meet community needs.

Finally, the CRA has pushed banks to become an important partner to foundations, local government, nonprofits and community leaders who seek to advance economic equity, opportunity, and prosperity for all. Banks are critical community-serving institutions that must be at the table to ensure that those who have been systematically disenfranchised over generations can see the same kinds of investments and consumer lending services that middle and upper income, white households have long enjoyed. The proposed rules we believe will limit and dis-incentivize banks from being strong partners to us and other public and private sector actors in efforts to restore community investment and strengthen the communities we serve. Banks have a duty to serve and be accountable for meeting the needs of the communities from which they profit.

In summary, the proposed rule is insufficient to ensure that financial institutions meet the diverse banking and investment needs of any community, let alone communities that have experienced generations of systematic disinvestment and disenfranchisement. Indeed the significant and growing racial wealth divide in this country has its roots in redlining which banks employed to systematically deny loans to poor, racial and ethnic minority communities. It is this very practice and resulting wealth inequities that the Community Reinvestment Act sought to end more 40 years ago, and yet, today, we still have a long way to go.

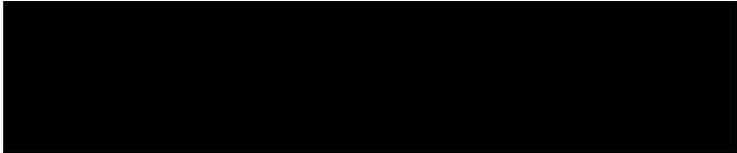
Sincerely,



Helene Gayle
President & CEO
The Chicago Community Trust

Gillian Darlow
Chief Executive Officer
Polk Bros. Foundation

Michelle Morales
President
Woods Fund Chicago



Leslie Ramyk
Executive Director
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Regina McGraw
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