

April 8, 2020

Office of the Comptroller of the Currency
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Washington, DC 20219
via E-mail to: cra.reg@occ.treas.gov
comments@fdic.gov



RE: Community Reinvestment Act Regulations - RIN 3064-AF22: Notice of Proposed Rulemaking, Docket ID OCC-2018-0008

To Whom It May Concern:

FreeFrom,¹ a national organization creating pathways to financial security and long-term safety for survivors of domestic violence, strongly opposes the proposed changes to the Community Reinvestment Act (CRA) regulations. The proposed rule change would obstruct the road to financial recovery and long-term safety for survivors of domestic violence by 1) decreasing the number of loans made to survivor-owned small businesses and 2) reducing access to affordable bank accounts for survivors.

Domestic Violence is Financially Devastating for Survivors

The number 1 reason survivors stay in and return to abusive situations is because they cannot afford to leave or stay safe.² Why is safety unaffordable for most survivors? The stark reality is that the experience of violence is incredibly expensive. In fact, the CDC estimates that the average lifetime cost of abuse per female survivor in the U.S. is a staggering \$104,000.³ On top of this financial burden, 99% of survivors experience economic abuse by their harm-doer - not being allowed to work or losing their job as a result of the abuse, not having access to cash or bank accounts, being coerced into debt and/or taking on fraudulent debt incurred by their harm-doer.⁴ This means that when survivors are able to leave, they often do so with six figures in costs, no assets, no cash, no income, fraudulent debt, damaged credit, and no support system.

Survivors cannot stay safe without first recovering from the financial devastation of abuse. Small business ownership and access to safe and affordable bank accounts are crucial pathways to financial recovery for many survivors. The proposed rule change would significantly degrade the availability of both of these important resources.

¹ Learn more about FreeFrom here: <http://www.freefrom.org/>

² In a 2018 study, 73% of survivors surveyed reported economic insecurity as a reason for staying with their harm-doer. Of these 73%, 50% stayed with their partner for two years or longer. Hess, C. & Del Rosario, A. (2018) Dreams deferred: a survey on the impact of intimate partner violence on survivors' education, careers, and economic security. Available from: https://iwpr.org/wp-content/uploads/2018/10/C475_IWPR-Report-Dreams-Deferred.pdf.

³ Peterson, Cora, Kearns, Megan C., McIntosh, Wendy LiKamWa, McCollister, Kathryn E., Gordon, Amy, Florence, Curtis (2018). Lifetime Economic Burden of Intimate Partner Violence Among U.S. Adults. *American Journal of Preventive Medicine*. DOI: <https://doi.org/10.1016/j.amepre.2018.04.049>.

⁴ Adams, Adrienne E. (2011). Measuring the Effects of Domestic Violence on Women's Financial Well-Being. *Center for Financial Security University of Wisconsin-Madison*. Available from: <https://centerforfinancialsecurity.files.wordpress.com/2015/04/adams2011.pdf>.

The Proposed Change Would Decrease Available Financing for Survivor-Owned Small Businesses

Up to 60% of survivors lose their job as a result of abuse.⁵ For many survivors who face challenges entering or reentering the traditional job market, small business ownership offers an alternative way to make much-needed income – and we know it works. In our first year, FreeFrom launched a survivor entrepreneurship program and helped twenty-four survivors start their own small businesses. All twenty-four businesses made a profit within the first month, and with this income, one entrepreneur was able to move herself and her children out of a shelter:

“With the money I earned from my small business, I was able to move myself and my daughters out of the shelter that had been our home for 19 months and into an apartment of our own. Being a small business owner has helped me provide for my family and feel empowered, independent, confident, and successful.” – Ana, *Survivor Entrepreneur*

Like other small business owners, access to capital contributes to a survivor’s long-term business success. However, the proposed rule change disincentivizes banks from providing loans to survivor-owned businesses by decreasing the threshold for CRA credits related to small business lending. Specifically, the change would give banks credit under the CRA for making loans to “small” businesses with up to \$2 million in revenue. First and foremost, a business with \$2 million in revenue is hardly “small.” Moreover, under this change banks will undoubtedly forgo lending to small survivor-owned businesses when they can receive the same CRA credit for lending to larger, more established, and more lucrative operations.

A decrease in small business loans under the CRA would significantly impact survivor entrepreneurs because available financing options are already limited. Specifically, many survivors may not have access to traditional loans due to poor credit resulting from economic abuse. In fact, according to a recent study, 46% of survivors reported that their credit was damaged as a result of abuse tactics by their harm-doer.⁶ The CRA has proven to be essential in creating opportunities for entrepreneurs and small business owners who would otherwise not qualify for traditional loans. In fact, according to the FDIC about 71% of all small business loans fell under the CRA reporting requirements.⁷

Finally, it is unreasonable to make the proposed rule change when it does not align with most business needs. According to a CFPB report, 95% of businesses have less than \$1 million in revenue, and need financing under \$100,000.⁸ The National Community Reinvestment Coalition

⁵ McLean, Gladys, Bocinski, Sarah G. (2017). The Economic Cost of Intimate Partner Violence, Sexual Assault, and Stalking. *Institute for Women’s Policy Research ID #B367*. Available at: <https://iwpr.org/publications/economic-cost-intimate-partner-violence-sexual-assault-stalking/>

⁶ Adams, A.E., Littwin, A.K., & Javorka, M. (2019). The Frequency, Nature and Effects of Coerced Debt Among a National Sample of Women Seeking Help for Intimate Partner Violence. *Violence Against Women*. DOI: o0r.g1/107.171/1770/717078708102112919884411445.

⁷ Federal Deposit Insurance Corporation, Findings from Analysis of Nationwide Summary Statistics for 2016 Community Reinvestment Act Data Fact Sheet <https://www.fdic.gov/news/news/press/2017/pr17088a.pdf>

⁸ Consumer Financial Protection Bureau, Key Dimensions of the Small Business Lending Lands, May 2017 https://files.consumerfinance.gov/f/documents/201705_cfpb_Key-Dimensions-Small-Business-Lending-Landscape.pdf

(NCRC) projected the proposed rule change would result in a loss of \$8 billion to \$16 billion in loans to small businesses.⁹ This would leave many survivor entrepreneurs and small business owners unable to access affordable financing options to start and grow their business.

If the proposed rule changes are implemented, survivor-owned small businesses would suffer, cutting off an important avenue to financial security and long-term safety for survivors and their families.

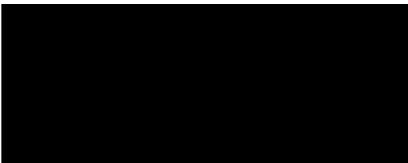
The Proposed Change Would Reduce Access to Affordable Bank Accounts for Survivors

The costs associated with traditional bank accounts (e.g., minimum deposit and balance requirements, overdraft fees, monthly services fees, etc.) make banking unaffordable for many survivors struggling to overcome the financial devastation of abuse. Without access to a bank account, saving enough money to leave can be dangerous, difficult, and sometimes impossible.

To make banking more accessible for survivors across the U.S., FreeFrom is developing industry-wide guidelines for banks that include offering safe and affordable accounts for survivors.¹⁰ However, the proposed rule change seems to do away entirely with any consideration of whether banks are offering affordable accounts to their consumers. If implemented, banks would have no incentive to offer these affordable products, thus cutting off an important lifeline to safety for survivors and their families.

This deeply flawed proposal would result in greater financial harm to survivors, increasing the chance that they will return to abuse. Simply put, the proposed change would perpetuate the cycle of violence in the U.S. To protect survivors and their families, the OCC must abandon this proposed change and leave the CRA and its protections intact.

Thank you very much for your consideration.



Sonya Passi
Founder & CEO, FreeFrom

cc: California Reinvestment Coalition
National Community Reinvestment Coalition
Small Business Majority

⁹ National Community Reinvestment Coalition, NCRC Forecast: Weakening the Community Reinvestment Act would reduce Lending by Hundreds of Billions of Dollars, 2018 <https://ncrc.org/wp-content/uploads/2018/09/CRA-Impact-dollar-loss-V5.pdf>

¹⁰ FreeFrom will launch our Survivor Wealth Banking Guidelines and partner with implementing banks later this year. For more information, please contact Amy Durrence, FreeFrom's Director of Law & Policy at: amy.durrence@freefrom.org.