From:	Catherine Sorenson
To:	Comments
Subject:	[EXTERNAL MESSAGE] RIN 3064-AF22
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To Whom It May Concern,

University of Maryland Extension works throughout Maryland to use evidence based education to assist community members. One of the services provided by the Family and Consumer Science program is financial education across the state of Maryland. As a financial educator, I pride myself on working with all community members and helping them to achieve their financial goals. Many of my educational program participants are low-income individuals and working families across the state of Maryland.

Therefore, I strongly oppose the Office of the Comptroller of the Currency's (OCC) and the Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA). CRA requires that deposit-taking institutions meet the convenience and needs of the low- and moderate-income (LMI) communities in which they operate. Over the decades, CRA has leveraged significant amounts of loans and investments in LMI communities. Since 1996, banks have issued almost $2 trillion in small business loans and community development loans and investments in LMI communities.

Qualifying Activities

The strength of CRA is in the feedback loop it creates between communities, banks, and regulators. The credit needs of communities are distinct and diverse, and current regulations emphasize the need for banks to collaborate with community organizations to develop innovative products, services, loans and investments that meet the community's credit needs.

Through my work over the last three years, I have worked with several small Frederick County banks. In working in the community, we saw that some folks were not able to open bank accounts due to poor banking history, low balances, or concerns over the cost of banking fees. To address the issue, the community banks began providing low cost bank accounts, such as those provided through the FDIC Bank On program. In order to become eligible for these accounts, participants needed to participate in one of my financial educational programs. The result has been greater access to low cost accounts for community members who are trying to develop or renew a relationship with a financial institution. Without access to these accounts, community members are forced to use expensive alternatives like payroll cards, check cashing services, and other non-traditional banking methods.

In light of these experiences, I oppose the creation of a specified list of qualifying activities. The OCC and FDIC's proposed regulations would create a list of qualified activities rather than hold banks accountable to meeting the needs identified by community members and nonprofit organizations. This proposal would undermine collaboration between banks and community groups by enacting unclear performance measures on CRA exams that would not accurately measure bank's responsiveness to local needs. Instead, I suggest the OCC and FDIC develop a list of principals defining CRA-qualified activities along with an illustrative but not definitive list of activities.

Affordable Housing

The NPRM redefines affordable housing to include middle-income housing in high-cost areas. In addition, the NPRM would count rental housing as affordable housing if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants.

For my clients in Frederick County, affordable housing is a significant concern. In our community assessments, the lack of affordable housing has been identified as one of the most significant causes of financial instability in our area. Although Frederick is working to create more housing, we still have an extremely competitive housing market. Many of my low-income clients have issues with credit or past evictions and they would be at a significant disadvantage if they were competing with higher income people for the same housing.

As you can see, affordable housing for LMI people is a critical need in our community. The OCC and FDIC should not expand the definition of affordable housing to include middle-income housing, nor loosen the standard for verifying that housing is being used by LMI tenants.

One Ratio

The agencies propose a one ratio measure that consists of the dollar amount of CRA activities divided by deposits. This ratio measure would encourage banks to find the largest and easiest deals anywhere in the country as opposed to collaborating with communities and responding to local needs. The inclusion of public infrastructure financing as a qualifying CRA activity would further displace smaller dollar financing for small businesses or homeowners.

The proposal would also allow banks to fail the Retail Lending test and make no community development investment in one half of the areas on their exams and still pass their CRA exams. This would incentivize the export of capital from communities, as banks seek the most efficient and easiest way to fulfill their reinvestment obligations.

CRA investment in the community through grants is hugely important for community educators like myself. Because our mission is centered on improving community financial wellness, it is well matched to that of the CRA. We are both focused on addressing unique community financial issues. If banks were to focus their reinvestment activities in some other community, it would significantly reduce the support available for financial education programs specifically focused on addressing the issues facing Frederick County residents.

Bank Branches

The NPRM would significantly reduce the importance of bank branches in CRA performance evaluations. This would likely lead to the closure of branches serving LMI neighborhoods.

When I work with community members on their financial goals, it is hugely important to help them establish a banking relationship with a traditional financial institution. However, many community residents cannot afford an internet connection or lack the technical skills to use online banking. For that reason, physical branches in locations accessible to low income residents are very important. Our community has recently seen the closures of some branches and it is a source of stress for many of my program participants.

Branches are essential to the economic vitality of communities, and CRA regulations should emphasize the importance of physical branches in LMI neighborhoods.

The proposed regulations would encourage the export of capital from communities, in direct contradiction of the statutory goal of the CRA. We urge the OCC and FDIC to discard the NPRM and instead work with the Federal Reserve Board and propose an interagency rule that will modernize CRA in a way that will increase reinvestment in LMI communities.

Sincerely,

Catherine Sorenson

Frederick, MD

Extension Educator

University of Maryland Extension – Frederick County