

**From:** [REDACTED]  
**To:** [Comments](#)  
**Subject:** [EXTERNAL MESSAGE] RIN 3064-AF22  
**Date:** Wednesday, April 08, 2020 2:54:59 PM

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April 8, 2020

RE: RIN 3064-AF22

Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

Dear Sir or Madam:

I am writing to oppose the proposed changes to the Community Reinvestment Act (CRA) regulations.

The proposed changes are deeply misconceived. The OCC and FDIC ("the agencies") would lessen the public accountability of banks to their communities by enacting unclear performance measures on CRA exams that would not accurately measure a bank's responsiveness to local needs. Contrary to the agencies' assertions that their changes would increase clarity and CRA activity, the result will be significantly fewer loans, investments and services to low- and moderate-communities (LMI).

I live in a small town in Appalachian Ohio. Athens is the home of Ohio University. Outside of the town itself, the county is one of the poorest in all of Ohio. Most of the housing in Athens is rental housing and those rentals are marketed to college students. Moderate and low income families are priced out of this housing market without targeted strategies.

The proposed rules would dramatically lessen CRA's focus on LMI communities in contradiction to the intent of the law to address redlining.

I'm deeply troubled by certain proposed changes, as follows. The rule changes being proposed would add financing large infrastructure such as bridges as a CRA eligible activity. Even financing "athletic" stadiums in Opportunity Zones would be an eligible activity. The proposed rule changes would define small businesses and farms as having higher revenues, increasing the limit from \$1 million to \$2 million for small businesses and as high as \$10 million for family farms. While the proposed changes recognize changes in the banking industry such as the increased use of online banking, the NPRM's reforms to the geographical areas on CRA exams are problematic and would reduce transparency. Neither the agencies nor the public can evaluate the agencies' proposal to designate additional geographical areas on exams in the case of internet banks due to the lack of publicly available data. 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 ratio measure would likely encourage banks to find the largest and easiest deals anywhere in the country as opposed to focusing on local needs. Since banks could fail in one half of the areas on their exams and still pass under the proposal, 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 later provision would hit hard areas like where I live. Major banks operate through branches in rural areas such as Appalachian Ohio.

The proposal would retain a retail test that examines home, small business and consumer lending to LMI borrowers and communities but this retail test would only 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. Such a trend would be particularly harsh and damaging in rural areas.

The agencies also propose to allow banks that receive “Outstanding” ratings to be subject to exams every five years instead of the current two to three years. This would result in banks not making much effort in the early years of an exam cycle to serve their communities. As our current pandemic demonstrates, local conditions can change radically overnight. Stretching out exam periods could discourage responsiveness to local business and housing changes.

Small banks with assets less than \$500 million could opt for their current streamlined exams instead of the new exams. The new exams would require banks to engage in community development financing while the existing small bank exams do not. This is another loss for communities.

Instead of weakening CRA, the agencies must enact reforms that would increase bank activity in underserved communities. The agencies do not address persistent racial disparities in lending by strengthening the fair lending reviews on CRA exams or adding an examination of bank activity to communities of color in CRA exams. At the very least, the agencies could add a category on CRA exams of underserved census tracts, which would likely include a high number of communities of color. The agencies also require banks to collect more data on consumer lending and community development activities but do not require banks to publicly release this data on a county or census tract level. Finally, the agencies do not require mandatory inclusion on exams of bank mortgage company affiliates, many of whom engaged in abusive lending during the financial crisis.

This deeply flawed proposal would result in less lending, investing and services for communities that were the focus of Congressional passage of CRA in 1977. This backtracking will violate the agencies’ obligation under the statute to ensure that banks are continually serving community needs. The FDIC and OCC need to discard the NPRM, and instead work with the Federal Reserve Board and propose an interagency rule that will augment the progress achieved under CRA instead of reversing it.

Thank you for your consideration.