

April 8th, 2020

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

To whom it may concern:

My name is Heather Liang, and I oppose the proposed changes to the Community Reinvestment Act (CRA) regulations. The OCC and FDIC 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-moderate income communities (LMI).

I work in the community and economic development field, and am currently serving Philadelphia's Olney neighborhood. Olney is one of the most diverse neighborhoods in the city, with a high concentration of immigrant businesses and neighbors. With a strong culture of community care, and a large concentration of small businesses, Olney is an incredible example of neighborhood revitalization without gentrification. Without adequate protective frameworks that direct investment to the neighborhood, however, our community members are also the ones that would otherwise slip through the cracks in the system, as the neighborhood has a poverty rate higher than the City average, as well as a large concentration of communities of color that the CRA was meant to serve and benefit. I firmly believe that the proposed changes to the CRA are misguided and regressive.

The agencies would dramatically lessen CRA's focus on LMI communities in contradiction to the intent of the law to address redlining. The definition of affordable housing would be relaxed to include middle-income housing in high cost areas. In addition, the Notice of Proposed Rulemaking (NPRM) would count rental housing as affordable if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants. The NPRM would add financing large infrastructure such as athletic stadiums as an eligible activity - something that many communities in Philadelphia have been organizing against for years. These are unconscionable changes that would only exacerbate economic inequities in the City - the effects of which would be detrimental to communities that continue to grapple with the effects of decades of disinvestment and social, political, and financial discrimination (again, the same communities that the CRA was meant to protect).

One of the proposed changes that is deeply infuriating to me, and would most immediately impact the communities that I work alongside is that the NPRM would increase the definition of small businesses from a revenue limit of \$1 million to \$2 million. This change would make it even harder for the microenterprises in my community to access financial resources that they need to support their businesses and livelihoods. More lenient requirements for compliance and decreased accountability to serving LMI communities is a direct attack on the fundamental spirit of the CRA law.

While the NPRM recognizes 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, considering 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. Along the same vein, I must add that the denial of the public's request to extend this comment period during the COVID-19 pandemic is deliberate and shameful suppression of our rights to weigh in on federal decision making.

The agencies propose an evaluation system that would further inflate ratings while decreasing the responsiveness of banks to local needs. The agencies proposal of a one-metric measure would further lessen banks' accountability to their local communities. Since banks could fail in one half of the areas on their exams, and still pass under the proposed pass-fail rating system, 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 proposed change to only require evaluation every 5 years instead of the current 2-3 years for "outstanding" lenders would also disincentivize consistency in serving LMI communities.

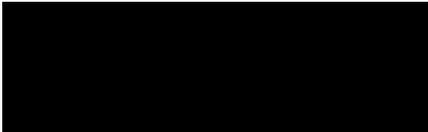
Instead of weakening CRA, the agencies must enact reforms that would increase bank activity in underserved neighborhoods. The agencies do not address persistent racial disparities in lending by strengthening the fair lending reviews on CRA exams or adding an examination of bank activity to communities 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.

On the brink of yet another financial crisis as a result of the public health crisis that has racked our nation, the watering down of a federal law that is meant to protect our most vulnerable neighbors - the same ones that will be hardest hit by the negative impacts of this crisis - is the opposite of what we need. The proposal to change the CRA clearly recognizes that the Act needs to be updated and modernized - the agency **MUST** reconsider the direction of these changes.

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.

Sincerely,

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Heather Liang