

---

**From:** NGrandquis@aol.com  
**Sent:** Wednesday, May 01, 2013 11:32 PM  
**To:** regs.comments@occ.treas.gov; regs.comments@federalreserve.gov; Comments  
**Cc:** jsilver@ncrc.org; sandra.Thompson@fhfa.gov; donald\_cravins@landrieu.senate.gov;  
kimberly.townsend@va.gov; agsec@usda.gov; b.a.m@att.net; RTucker@dcch.org;  
Retsinas@gsd.harvard.edu; plopez@nahb.org  
**Subject:** Proposed Changes to Interagency Q&A OCC: Docket ID OCC-2013-0003 Fed Res  
OP-1456

Robert deV. Frierson, Secretary  
**Federal Reserve System Board of Governors**  
20th Street and Constitution Avenue NW.,  
Washington, DC 20551

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

Legislative and Regulatory Activities Division,  
**Office of the Comptroller of the Currency**  
Mail Stop 9W-11, 400 7th Street SW.  
Washington, DC 20219

**RE: Comments on CRA Interagency Q&A**

Dear Agency regulators:

The Louisiana Community Reinvestment Corporation, a member of the National Community Reinvestment Coalition (NCRC), acknowledges that the proposed changes to the Interagency Question and Answer (Q&A) document would be modestly helpful but we must respectfully note that the incremental proposed changes fall noticeably short of the comprehensive revisions to the CRA regulation needed at this time. Substantive revisions are urgently needed that keep pace with the current changes in the banking industry and provide a framework to increase responsible lending, investing and services to low and moderate-income communities. Due to the aftermath of the foreclosure crisis and slowdown in lending, the Louisiana Community Reinvestment Coalition suggests the Agencies use their combined authority to enhance the CRA regulations as soon as possible:

- **Implement Agency coordination with the FHFA (Federal Housing Finance Agency) on the 12 regional FHLBank quarterly reviews of lender's Community Support statements and encourage the FHLBanks Boards/Affordable Housing Advisory Councils (via Interagency agreements with the FHFA) to offer advance discounts of 10 basis points on LIBOR based advances to members with outstanding CRA ratings(we**

**provided such an incentive at the FHLBank of Des Moines and it was most effective).**

As a former vice president/community investment officer of the DM FHLBank we documented such incentives work to increase responsible CRA lending/investments while motivating lenders to achieve outstanding ratings. In addition, if a lender selected for review has a prior CRA rating (lenders are only subject to review one year after joining) of Needs to Improve or Substantial Noncompliance this should trigger an immediate updated CRA exam by the appropriate Agency and the results transmitted to the respective Federal Home Loan Bank for analysis and possible suspension of long term advance privileges.[http://www.fhfa.gov/webfiles/24942/78\\_FR\\_8131\\_2-5-13.pdf](http://www.fhfa.gov/webfiles/24942/78_FR_8131_2-5-13.pdf)

- **Expanding assessment areas would be more effective in stimulating increased community development financing and home and small business lending than the legalistic changes proposed to the Q&As.** Currently, assessment areas are only those geographical areas containing bank branches although several banks, especially large banks, make considerable numbers of loans beyond their branch networks through loan officers, brokers, or correspondent lenders. The Agencies should designate additional assessment areas for counties and metropolitan areas in which a bank makes sizable numbers of loans but in which the bank does not have branches. This is not difficult to do; the former Office of Thrift Supervision (OTS) assessed performance in geographical areas with high numbers of loans beyond bank branch networks. .
- **Require additional data disclosure of community development lending and investing to assess the effectiveness of the Agencies proposed changes.** For the past several years we, along with NCRC, have been advocating for the Agencies to publicly provide data on community development lending and investing on a census tract level or at least on a county level. If county level data was available for community development financing, the Agencies and the public at large could assess how effective any proposed changes to the regulation or Q&As would be in stimulating more community development financing in rural counties and smaller cities. At the same time, this would enable us to ensure that the current assessment areas do not experience significant declines in community development financing. The data would either reconfirm any recent changes or would prompt additional changes and we emphatically ask that the Agencies not miss this opportunity.
- **Refrain from altering examination weights in the proposed Q&A on community development lending.** While it is desirable to affirm the importance of community development lending as the first part of the proposed Q&A does, the second part of the Q&A stating that strong performance in community development lending can compensate for weak performance in retail lending is counterproductive and we recommend deletion. Since retail lending is the predominant part of the lending test, it is unlikely that strong performance on community development lending can or should compensate for weak performance on retail lending. Better methods can be developed for elevating the importance of community development lending. Either examination weights can be more fully developed on the lending test or community development lending and investing could be considered together on a community development test. A change to a Q&A cannot adequately deal with the complex issue of weighing community development lending and could inadvertently decrease the level of bank retail lending.
- **Address the deficiencies of the service test promptly.** While bank branches are closing, some large banks are now engaged in abusive payday lending to include targeting veterans unaware of Military Relief Funds. A more rigorous service test which assesses data on bank deposits in addition to bank branches in low- and moderate-income communities is urgently needed.

- **Undertake CRA regulatory reform to boost the importance of foreclosure prevention and servicing.**
- **Separately evaluate loan originations and purchases and instruct examiners to downgrade banks if the purchase is conducted in a manner to inflate the lender's CRA rating.** We, as has NCRC, have commented on CRA exams in which banks are making few loans to low- and moderate-income borrowers but are purchasing loans made to these borrowers from other banks. Making loans clearly represents a more concerted effort to serve community needs than purchasing high volumes of loans. Existing Q&As warn banks against purchasing loans to “artificially inflate CRA performance” but since this behavior continues, the Q&A needs to be strengthened.

Chairman Greenspan expressed the importance of effective CRA regulations to a FHLBank/Affordable Housing Advisory Council member (Brenda LeBlanc/Des Moines) when he told her the Federal Reserve Board of Governors would see to it that effective CRA regulations were preserved and enhanced whenever necessary. This is a time when it is necessary to substantively enhance the CRA regulations. We say this not in the wake of the foreclosure crisis or the negative impact Sequestration has had on rural housing nor for the sake of first time homebuyers. But, we believe CRA reform is critical for the sake of our veterans returning from War and to insure the health of our Nation's real estate industry.

We know home sales/loan originations are up in most areas but Realtors contend sales prices are down around twenty per cent in most suburbs(excluding high foreclosure areas where it is higher). In contrast, we know lending to lower income underserved rural and inner city families who wish to buy homes is still an issue that is putting a damper on new home sales/construction. This is the case, even though demand from qualified buyers has been established and long waiting lists exist nationwide( e.g.,USDA/RD Section 502 Direct loans). Thus, we ask you to take this opportunity in your final CRA Interagency Q&A to exercise your authority and make needed changes. Thank you for your consideration.

Sincerely,

*Nancy Grandquist Fields*

*EMMA DIXON*

Nancy Grandquist Fields, Chair  
Louisiana Community Reinvestment Coalition

Emma Dixon, President

cc National Community Reinvestment Coalition  
Federal Housing Finance Agency  
U.S. Senator Mary Landrieu (fmr.Realtor)  
U.S. Department of Veteran's Affairs  
U.S. Department of Agriculture/Rural Housing  
Fmr. FHFB Chairman Bruce Morrison  
Fmr. FHA Commissioner Nicolas Retsinas  
Fmr. FHFB Affordable Housing Director Richard Tucker  
National Association of Home Builders

