

**From:** [Kristen Ruhl](#)  
**To:** [Comments](#)  
**Subject:** [EXTERNAL MESSAGE] RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations  
**Date:** Wednesday, January 15, 2020 10:55:01 AM

---

January 15, 2020

To Whom it May Concern:

SecureFutures opposes the proposed changes to the Community Reinvestment Act (CRA) regulations as deeply misconceived. 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- and moderate-communities (LMI).

SecureFutures is a local nonprofit whose mission is to empower teens through financial literacy. The majority of our work is done in LMI communities in Wisconsin, especially the City of Milwaukee. Milwaukee has a long and troubled history of redlining and discrimination within the financial sector. It is imperative that banks invest in LMI communities and communities of color and are held accountable for their lending activities. Without a strong CRA, Milwaukee and other LMI communities will be left behind. SecureFutures benefits from CRA by providing incentives for banks to financially support our mission and by encouraging them to promote and prioritize employee volunteerism within LMI communities. Many of the volunteers that deliver financial literacy programming through SecureFutures do so because their company tracks their activities for CRA. Without the financial and volunteer support of banks, SecureFutures would struggle to meet the needs of young people in Wisconsin's LMI communities. A weak CRA means that teens in Wisconsin miss out on learning some of the most important lessons needed to become financially secure adults. It also means that those teens and their families won't have access to safe and affordable financial services. Additionally, it means that economic discrimination will continue to plague LMI communities. We can not go backward. Our LMI communities and communities of color are depending on a strong CRA to right the wrongs of the past and to continue to support their advancement towards financial security.

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 bridges as a CRA eligible activity. Even financing “athletic” stadiums in Opportunity Zones would be an eligible activity. The NPRM 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 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. 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 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.

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.

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 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.

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,

Kristen Ruhl

Program Director

Direct Number: (414) 310-5916

Main Officer Number: (414) 273-8101

---