

ChiUL.org

**Officers**

**Chairman**

Eric S. Smith

January 28, 2020

**Vice Chairs**

Maria C. Green  
Joseph A. Gregoire  
David Nichols  
James Reynolds  
Stacy Sharpe  
Steven J. Sherman

Comptroller Joseph M. Otting  
Comptroller of the Currency  
Comp 400 7th Street, SW  
Washington, D.C. 20219

Chair Jelena McWilliams  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Docket No. OCC-2018-0008

**Secretary**

Esther Franklin

Dear Comptroller Otting & Chair McWilliams:

**Treasurer**

Reginald C. Reed

We are writing on behalf of the Chicago Urban League to provide written record of notice to the House Financial Services Committee that we oppose most of the proposed changes to the Community Reinvestment Act (CRA) regulations.

**Life Directors**

Andrew C. Barrett  
James Bell  
Frank L. Bixby  
Barbara Bowles  
Melvin C. Hopson  
George E. Johnson  
Lester H. McKeever, Jr.  
James J. O'Connor, Sr.  
William A. Osborn  
Thomas M. Patrick  
John W. Rogers, Jr.

The Chicago Urban League serves African American families and communities in Chicago through programs and advocacy in the following key issue areas: education, employment, entrepreneurship and housing and financial empowerment. Our organization is one of many that rely on CRA and bank partnerships to provide needed funding for our individual and community services. We believe that a strong African American community results in a stronger, more vibrant Chicago. This cannot be achieved without considerable resources and a commitment to equitable economic growth across the city.

**President and CEO**

Karen Freeman-Wilson

We understand the need to modernize regulations under the CRA, as it has been over 20 years since substantial changes have been made. We know that there is much work to be done overall, as banks overwhelmingly pass their CRA assessments and examinations, while the communities they serve experience disproportionate rates of lending discrimination, slow economic growth and lagging homeownership rates.

**Directors**

Daniel Anello  
Hope Bentley  
Clive Christison  
Brian W. Duwe  
Ralph P. Hargrow  
Andre P. Hughes  
Oscar D. Johnson  
James P. Kolar  
Craig C. Martin  
Charles Matthews  
Anthony R. McCain  
Suzet McKinney  
Aletha C. Noonan  
Anne Pramaggiore  
Larry D. Richman  
Michael J. Sacks  
James P. Sledge  
Tyronne Stoudemire  
Sheila Talton  
Bruce Taylor  
Frederick H. Waddell  
Alex E. Washington, III  
Donald E. Wilbon

Our biggest concern at this time is that the proposed rule changes submitted by the OCC and FDIC would lessen the public accountability of banks to their communities. This may happen in a few ways:

- (1) Banks could get a failing grade in their assessment areas, yet still get a passing grade overall on their CRA examination. In part this is because the banks can get credit for work outside their assessment area, which creates a disincentive to dig in deep and create meaningful partnerships in community areas that really need investment.
- (2) We are concerned about the unintended consequences of providing a list of pre-approve activities for CRA credit. While this will likely be viewed as helpful in the industry, will it compel banks to only follow what is on the list, stifling innovation and responsiveness to community needs?
- (3) The focus on qualitative metrics and assessment provides no opportunity for needed feedback loops, in which banks and community leaders and stakeholders must be in dialogue about the emerging or continued needs of a community area. This contextual information is critical to decision-making, and is not easily captured through quantitative data collection and accounting procedures. The community and the banks would be operating in isolation, with only the hope of information being shared between the two groups.

- (4) We are concerned about the proposed rule to lift the cap on the dollar amount of small business loans that would qualify for CRA credit, as well as the revenue cap on what qualifies as a small business. We have many talented entrepreneurs and small business owners in the African American community that struggle to raise capital, grow their businesses, hire additional staff and expand operations. Enlarging the pool of eligible businesses for CRA-credit might reduce incentives for banks to make smaller loans to entrepreneurs of color and increases competition for these funds.

We encourage the three agencies (FDIC, OCC and the Federal Reserve) to work together to create proposed rules that take seriously the needs and concerns of community organizations and community stakeholders. The CRA is a vital tool for community development, **and we fear the power of its mandate weakened by many of the proposed changes.**

Respectfully,

Stephanie Schmitz Bechteler, VP, Research and Policy Center  
Margaret Wooten, VP, Housing and Financial Empowerment Center  
Chicago Urban League