From: Arlo Washington
To: Comments
Subject: [EXTERNAL MESSAGE] Proposed Rule CRA Comment Letter
Date: Friday, February 14, 2020 10:03:07 PM

02/15/2020

To Whom It May Concern:

PEOPLE TRUST Community Development Financial Institution, Loan Fund emerged out of an unmet credit need in the interior counties in the State of Arkansas. Arkansas has the lowest usury rate in the country and access to capital and credit has been restricted to low income communities. PEOPLE TRUST provides a critical conduit to these community and the changes to the Community Reinvestment Act (CRA) regulations proposed by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) should be on one accord with the Federal Reserve Board to strengthen CRA.

I oppose the changes to the Community Reinvestment Act (CRA) regulations proposed by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC). I do this for many reasons:
The proposed changes will encourage banks to seek out large dollar community development deals to quickly get to a single total dollar volume metric and discourage loans to people with low- and moderate-incomes LMI and small businesses because the loans are much smaller, The proposal redefines community development to include large infrastructure projects like stadium improvements in LMI Opportunity Zones which further encourages banks to seek out larger deals over smaller loans to meet the ratio for the total dollar volume metric, The definition of affordable housing would be relaxed to include middle-income housing in high cost areas, The proposal would redefine small businesses and family farms with higher revenues again encouraging banks to focus on larger loans to bigger businesses instead of smaller community-style loans., The proposal would lessen the public accountability of banks by not accurately measuring its responsiveness to local needs., The system that gives credit to banks for having branches in LMI communities is weakened and will likely lead to massive branch loss in communities that are already underserved

Underserved communities are often times hard to penetrate due to a number of reasons, generational poverty, loss of hope and trust, lack of opportunities, lack of loans and investments over a long period of time, concentrated disadvantage for small businesses and low income consumers. CRA does need to be updated with clarity to strongly encourage small, intermediate, and especially large banks to not forget about the low and moderate income consumers and communities and be responsive to meeting the LOCAL credit needs. The accountability lies with strong CRA rules.

It is clear that the proposed rules would weaken CRA. The focus on LMI communities would be lost - the exact intent of CRA when it was signed in 1977. This backtracking would violate the agencies' obligation under the statute to ensure that banks are continually serving community needs. The FDIC and OCC need to discard the proposal, and instead work with the Federal Reserve Board to create an interagency rule that will augment the progress achieved under CRA instead of reversing it.

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