From: Jen Leybovich <jen@mainstreetlaunch.org>
Sent: Monday, April 06, 2020 12:15 AM
To: Comments
Subject: [EXTERNAL MESSAGE] RIN 3064-AF22 Comment Letter

04/05/2020

cra.reg@occ.treas.gov

Comments@fdic.gov

RE: Community Reinvestment Act Regulations

RIN 3064-AF22: Notice of Proposed Rulemaking

Docket ID OCC-2018-0008

To Whom It May Concern:

We 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). The changes in rulemaking will weaken the CRA and dramatically lessen CRA's focus on low-to-moderate income (LMI) people and communities in contradiction to the intent of the law to address redlining in and disinvestment from LMI and communities of color.

Especially now, with the COVID-19 crisis, LMI communities will need even more support to recover, and the CRA activities of banks will be vital in providing LMI communities and the organizations who serve them with capital, services, and investment.

Main Street Launch is a 501c3 Community Development Financial Institution, founded in 1979, with the mission of creating economic opportunity by empowering entrepreneurs. Through innovative partnerships we provide business owners with capital, education, and relationships that allow them to flourish. Our collaborative approach helps our clients create jobs and stimulates economic development in low-to-moderate income communities. In the last 10 years we deployed $73 million in loans to 884 businesses, who created and sustained 6,000 jobs. CRA partnerships have been essential in our work, through banks providing loans, grants, and partnership to our organization, which have provided the capacity necessary for us to reach LMI communities with our small business loans and business support services.

We oppose the proposed CRA changes for several reasons:

Moving away from a core CRA principle, less focus on LMI. The agencies would dramatically lessen CRA's focus on LMI people and communities in contradiction to the intent of the law to address redlining in and disinvestment from LMI and communities of color. The NPRM proposal would expand what counts to allow bank CRA credit for things like financial literacy classes geared towards upper income people. Even though 95% of businesses have less than $1 million in revenue, and need financing under $100,000, the proposal would double existing thresholds, allowing banks to get even more CRA credit for loans of up to $2 million to businesses with up to $2 million in revenue. And banks could get credit for loans as high as $10 million for family farms, even though the vast majority of family farms are much smaller. As such, banks will turn away from less lucrative lending to the small businesses and small farms that serve their communities and hire locally. Distressingly, the proposal would now permit projects that only "partially" benefit LMI people and neighborhoods, such as large infrastructure projects.

Less accountability, less public input. The agencies would lessen the public accountability of banks to their communities by enacting unclear performance measures on CRA exams that would not accurately account for banks' responsiveness to local needs. Public input would be more difficult and limited.

Weakening CRA's emphasis on branches and deposit products. CRA has rightly maintained a focus on whether banks have a branch presence in LMI communities, and whether banks make their products accessible to all consumers. But this proposal provides almost no incentive for banks to maintain and open LMI branches, and it seems to do away entirely with any consideration of whether banks are offering affordable bank account and other consumer products, such as payday alternative small dollar loans and age friendly account products, which are needed by LMI and senior communities. The result of this proposal could result in fewer bank branches in LMI and rural communities that are perceived of as harder to serve, and LMI consumers would have to then turn more to predatory check cashers and payday lenders. Further, the proposal would actually allow banks to fail in half of the areas on their exams and still get a passing grade.

The currently proposed rules would weaken CRA, and its focus on LMI communities - the exact intent of CRA when it was signed in 1977- would be lost. This backtracking would go against ensuring that banks are continually serving community needs. We urge the FDIC and OCC to discard the proposal, and instead work with the Federal Reserve Board to create an interagency rule that will focus on augmenting the progress achieved under CRA.

cc: California Reinvestment Coalition
National Community Reinvestment Coalition

Thank you,

Jen Leybovich | Executive Vice President - Strategy & Development

Main Street Launch

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