

**From:** Marcelo Ferrer <mferrer@lsna.net>  
**Sent:** Wednesday, April 08, 2020 6:19 PM  
**To:** Comments  
**Subject:** [EXTERNAL MESSAGE] RIN 3064-AF22

Dear Comptroller Otting & Chair McWilliams:

The Logan Square Neighborhood Association (LSNA) submits these comments in response to the OCC/FDIC's Notice of Proposed Rulemaking (the "Proposal") regarding the Community Reinvestment Act (CRA). LSNA opposes the Proposal's drastic shift from qualitative to quantitative evaluation measures. Dollar amounts matter, but not to the exclusion of a qualitative assessment of banks' activities in meeting local community needs. The net impact of the Proposal would be to reduce bank investments and services in low- and moderate-income (LMI) communities. This runs counter to the spirit of the law itself.

We are very aware of the history of the CRA and its ability to bring and enforce at least some sort of responsibility for financial institutions to invest in low income areas. The proposed changes will likely make it even harder for low and moderate income families' to secure mortgages. This is especially egregious when one is reminded of the millions of low and moderate income people who lost their homes during the "housing bubble." caused by the well documented fraud committed by banks. We should not make it easier for banks to potentially reduce the amount of investment in already under-resourced communities. Banks need more systems of accountability not more leeway. New and expanded CRA-eligible activities that will be used as "credit" for investment in under-resourced communities will undermine the spirit for which the CRA was created in the first place.

A pass-fail test for evaluating banks' retail lending distribution would prompt many banks to do just enough to pass. Converting the CRA activities test into a dollar-based metric would encourage banks to cut down on many small, impactful loans and projects – which together may have higher transaction costs – and instead focus on fewer, high-dollar-value projects. Why, for example, would a bank expend resources when it could spend millions improving an athletic stadium in an LMI Opportunity Zone?

The CRA is the most significant tool we have to ensure that banks meet the needs of low- and moderate-income (LMI) families. Modernization must preserve what works under the CRA. As Federal Reserve Gov. Brainard recently observed, one of the "core strengths" of the CRA is creating an ecosystem that "encourages banks to engage on the priorities identified by local leaders." The Proposal would strip away this core strength in the name of supposed objectivity. To protect the CRA ecosystem, we urge you to suspend the rulemaking process, invite the Federal Reserve back to the table, and release a proposal only when all three regulators are on the same page. This approach is in the best interests of the LMI communities, non-profits, banks and the regulators.

Sincerely,

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Marcelo Ferrer  
Logan Square Neighborhood Association

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