



*Improving Lives, One Community at a Time*

July 30, 2022

Attention: Comment Processing  
James P. Sheesley, Assistant Executive Secretary  
Attention: Federal Deposit Insurance Corporation, 550 17th Street NW  
Washington, DC 20429

Re: Comments RIN 3064-AF81

Dear FDIC,

Southern Dallas Progress Community Development Corporation (SDPCDC) appreciates the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding updating the Community Reinvestment Act (CRA). This NPR represents the most significant changes to the CRA regulation and exams in 27 years. A CRA that upholds its statutory intent of meeting the credit needs of low- and moderate-income people (LMI) and communities of color is more important than ever. SDPCDC appreciates the opportunity to submit comments to strengthen this law.

The Southern Dallas Progress Community Development Corporation's mission is to empower, enable and support community members in their efforts to revitalize Southern Dallas communities and neighborhoods. Southern Dallas Progress Community Development Corporation serves as a vehicle through which residents and businesses can work together to solve problems and improve life in their community.

The NPR proposed some significant improvements in test rigor, but the improvements are not across the board on all aspects of exams. The NPR also improved data collection and the breadth of geographical areas on exams but did not include race on exams. SDPCDC agrees with the National Community Reinvestment Coalition (NCRC) and the Opportunity Finance Network (OFN) that, considering CRA's history and purpose, the CRA can be strengthened in addressing ongoing systemic inequity in credit access for minority individuals and communities by explicitly including race data and making this data publicly available. CRA exams could include performance measures assessing lending, investing, branch location and servicing to people of

color and communities of color. In addition, CRA exams should include racial and ethnic demographic data in performance context analysis and require banks to affirmatively include communities of color in their assessment areas (geographical areas on CRA exams).

According to the research conducted by NCRC it is possible for changes to CRA to comply with legal standards if CRA examined lending by race and ethnicity in geographical areas experiencing ongoing discrimination. By including race and ethnicity, CRA can identify and address persistent racial disparities that have direct impacts on quality of life and health outcomes.

*Adding Robust Consideration Of Race To Community Reinvestment Act Regulations: An Essential And Constitutional Proposal*

<https://www.ncrc.org/adding-robust-consideration-of-race-to-community-reinvestment-act-regulations-an-essential-and-constitutional-proposal/>

Since CRA requires banks to meet the needs of communities, the agencies must elevate the importance of public comments regarding the extent to which banks are meeting community needs.

The agencies proposed to continue the current practice of sending any comments on CRA performance to banks and are also considering publishing comments received on agency websites. We urge the agencies to post comments on their websites and to establish a public registry for community organizations to sign up if they wish to comment on CRA performance. In addition, we ask that the agencies publish a list of organizations that comment and that the agencies identify those led by people of color and women to seek input from a diverse range of organizations. Banks should be required to detail their outreach to the community and local stakeholders. Regarding strategic plans, banks should be required to publish them on their websites and the regulatory agency website.

The agencies correctly proposed to include new data collecting requirements for deposits, community development activities and automobile lending. Some of this data such as deposit and automobile lending would not be publicly available, which limits the extent to which the public can hold banks accountable. We ask the agencies to reconsider this decision and to expand this data collection to all large banks.

Advocates have urged the agencies to examine lending that occurs online. The agencies proposed to create assessment areas where a large bank does not have branches when a bank has issued 100 home loans or 250 small business loans This proposal would result in the great majority of total lending being incorporated on exams and would therefore hold banks more accountable for serving low- and moderate-income communities. Violations of fair lending and/or adherence to consumer protection laws by banks must be considered in their CRA ratings. Beyond failing to lend equitably banks have participated in predatory and harmful

practices that targeted LMI and communities of color. Ratings must be lower for banks that have a track record of failing to lend to specific racial or ethnic demographics in the markets they serve.

The agencies proposed to eliminate certain subtests for about 1,000 medium-sized and smaller banks that would eliminate their accountability for providing community development finance and branches in underserved communities. These changes lack justification since these banks have been successfully performing these activities for several years. We urge the agencies to eliminate this aspect of the NPR since it would reduce reinvestment activity.

The NPR is a good start and promises to make parts of CRA exams more rigorous, but we urge the agencies to extend the rigor of the large bank lending test to the other tests. We also ask the agencies to incorporate race in CRA exams, to expand the public reporting of their data collection proposals and to incorporate the other improvements discussed above. If CRA is improved while maintaining public input and accountability, we believe the proposed rule could help reduce inequalities, disinvestment, and other disadvantages in America's overlooked communities.

## **Conclusion**

Strengthening the CRA is a critical component of an equitable economic recovery. Revisions to CRA regulations must put the credit needs of low- and moderate-income people and communities of color first. We believe that this proposal serves as an important starting point for an interagency rulemaking that will strengthen the CRA and take a critical step towards more financially resilient communities and an equitable recovery.

Sincerely,

James McGee

James McGee  
President/Chair

[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)

Southern Dallas Progress Community Development Corporation

## **Southern Dallas in the News**

*America's top banking regulator: WFAA's 'Banking Below 30' investigation documenting unfair treatment of minorities 'very troubling'*

<https://www.wfaa.com/article/money/economy/americas-top-banking-regulator-highlights-wfaas-banking-below-30/287-1ff3c06f-a16c-4e61-b18a-3e7a25b17706>

*'Your story woke them up': National regulators get earful about banks ignoring minority community*

<https://www.wfaa.com/article/news/local/investigates/your-story-woke-them-up-national-regulators-get-earful-about-banks-ignoring-minority-community/287-aa788b21-1f36-4c62-93e4-3a4816a196ac>

'Aggressive and coordinated effort': U.S. Justice Department announces major crackdown on banks that deny loans to minorities

<https://www.wfaa.com/article/money/banking-below-30-us-justice-department-announces-major-crackdown-on-banks-that-deny-loans-to-minorities/287-65289d41-be34-48e6-a0a8-c3803bc9ab8d>

Federal regulators will require 2 banks to increase lending to the minority community in Southern Dallas

<https://www.wfaa.com/video/money/banking-below-30-federal-regulators-will-require-2-banks-to-increase-lending-to-the-minority-community-in-southern-dallas/287-c932356e-168b-4e73-b9e8-b44144936271>

WFAA series prompts congressional testimony about 'travesty' of banks refusing to loan to minorities

<https://www.wfaa.com/article/news/local/wfaa-series-prompts-congressional-testimony-about-travesty-of-banks-refusing-to-loan-to-minorities/287-d9458697-69d9-4108-826c-b5c966ad9c14>