

August 1, 2022

Office of the Comptroller of the Currency
Federal Reserve System
Federal Deposit Insurance Corporation

Dear Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation;
and Office of the Comptroller of the Currency, Treasury,

As the Executive Director of Main Street Alliance, I appreciate the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding updating the Community Reinvestment Act (CRA). For the economic health of our Main Street businesses, we need to improve access to capital. There are thousands of entrepreneurs and small businesses led by women, and Blacks and Lantix, who often aren't given the investment that is needed to expand and sustain their businesses. Banks should create Special Purpose Credit Programs (SPCP) to more readily invest in CDFIs to ensure that marginalized communities have access to generating wealth and cycling dollars in their communities.

Of particular importance in the NPR is the impact on credit for small businesses, particularly women- and systemically marginalized small businesses. Over the years, businesses owned by women, and in particular, Black and Laintix small business owners have experienced outright discrimination and disparities in access to credit. The Minority Business Development Administration (MBDA) [found](#) that businesses owned by non-whites received lower loan amounts than white-owned firms. This finding remained even after controlling for the sales level of firms.

The CRA should be analyzing lending to the smallest businesses and small farms separately, regardless of revenue. I support the proposal to evaluate lending separately to businesses with revenues under \$250,000. This will be helpful, but I also urge the agencies to evaluate lending separately to the smallest businesses with revenues of under \$100,000 which are more likely to be start-ups and owned by people of color and women. According to [JP Morgan Chase](#), "the median Black-owned firm earned \$39,000 in revenues during its first year, 59% less than the \$94,000 in first-year revenues of a typical White-owned firm. Small businesses founded by Hispanic owners earned \$74,000 in revenues, or 21% less than the median for White-owned firms." Moreover, the \$100,000 category could be especially important for women-owned small businesses. According to an [American Express report](#), 88% of all women-owned businesses had revenues less than \$100,000.

In addition to analyzing lending to people of color in geographical areas experiencing ongoing discrimination or areas with significant racial disparities in lending, the agencies should also use the Section 1071 data that the Consumer Financial Protection Bureau will be developing and releasing in the next couple of years. This data includes the race and gender of the small business applicant and can be used to determine the likelihood of discrimination against these small businesses.

Banks can create Special Purpose Credit Programs (SPCP) to assist borrowers or businesses that have been disadvantaged. I support allowing SPCP programs to qualify for CRA consideration. Advocate for SPCP programs that offer loans and other banking services to women- and minority-owned businesses to count.

It is long past time to encourage banks to finance Community Development Financial Institutions (CDFIs) and other intermediaries that focus on making loans to businesses with revenues under \$5 million. I support this proposal and encourage you to award more points to economic development financing that focuses on intermediaries that target the smallest businesses with revenues under \$1 million.

Sincerely,

Chanda Causer
Executive Director