

CRA ARIZONA COALITION

c/o Chicanos Por La Causa, Inc., 1112 E. Buckeye Road, Phoenix, AZ 85034

August 4, 2022

Chief Counsel's Office,
Attention: Comment Processing,
Office of the Comptroller of the Currency,
400 7th Street SW, Suite 3E-218
Washington, DC 20219

RE: “Community Reinvestment Act”; “Docket ID OCC-2022-0002”

To Whom It May Concern:

We, the members of the CRA Arizona Coalition: represented by individuals, nonprofits, public and private groups interested in supporting CRA modernization that will benefit low-moderate income people and communities, appreciate the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding updating the Community Reinvestment Act (CRA). We know this NPR will be one of the most important changes to CRA in a very long time, nearly 30 years.

CRA has successfully leveraged loans, investments and services. Between 2009 and 2020, have made more than \$ 42.3 Billion in home loans to low- and moderate-income (LMI) borrowers or in LMI Arizona census tracts. They made \$4.7 billion in loans to small businesses in Arizona LMI census tracts.

The agencies should recognize that systemic and persistent racial disparities require that CRA be strengthened. The agencies proposed important improvements in the CRA regulation including increasing the rigor of the subtests on the CRA exams, expanding geographical areas on CRA exams and collecting more data to scrutinize bank performance. However, they did not sufficiently address racial inequities.

Currently, about 98% of banks pass their CRA exams on an annual basis with just less than 10% receiving an Outstanding rating and almost 90% of them receiving a rating of Satisfactory. CRA has successfully leveraged more loans, investments and services for LMI communities, but it would be more effective in doing so if the ratings system more accurately revealed distinctions in performance. More banks would be identified as significantly lagging their peers, which would motivate them to improve their ratings and increase their reinvestment activity.

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.

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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. However, the agencies must further ensure that exams do not overlook assessment areas containing smaller metropolitan areas and rural counties.

The proposed rule change 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 and make other improvements. 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.

In conclusion, we believe that the rules of the Act should be modernized, not relaxed; as the nation's LMI communities look to recover from COVID-19, the government should raise, not lower, the bar for bank reinvestment in LMI communities.

We appreciate this opportunity to comment and respectfully submit our CRA Arizona Coalition's position.

Sincerely,

Members of the coalition:

Patricia Duarte, Executive Vice President Homeowner Initiatives
Chicanos Por La Causa

Jay Young, Executive Director
Southwest Fair Housing Council

Lauren Kuby
Former Tempe City Councilwoman

Serena Unrein, Director
Arizona Partnership for Healthy Communities

Representative Christian Solorio, LD30
Arizona House of Representatives

Kimber Lanning, CEO
Local First Arizona

Terence Pinkston, Dir. Workforce Solutions
Chicanos Por La Causa