



# PEOPLE TRUST

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On June 29, 2022, I entered a bank in Arkansas and requested to speak with the Community Development Manager to discuss strategies regarding the bank's affirmative obligation to the Community Reinvestment Act. After several emails went without response, I approach the guard desk and after making a phone call the security guard at the front desk stated that no one was available to assist me, and they were not in today. After asking for the **Public File to submit a comment**, two individuals came down to talk with me. I was met with hostility immediately. After I explained that I had sent several emails that went without a response I was told that I was being hostile and that they had only received 1 email the night prior. I was very polite and nonconfrontational. I was then asked by **The Director of Community Responsibility** to place my public comment in her hand and denied access to a hard copy of the file that I could place my public comment in. The comment below is found on Bank's website regarding the Public File:

"Bank XYZ is able to provide hard copies of these documents; however, please note we may charge a reasonable fee to cover copying and mailing expenses. Please contact CRA Public File Management at the address listed below.

When I declined to give her my public comment **in hand**, they both walked away and instructed security to escort me off of the premises. Security was informed that my comment would need to be submitted online at Bank's website and was very disrespectful calling my out of my name and told me I was trespassing, that he would contact the police and that I was not welcome there. However, on the door of the building there is a message that says, "**Open to the Public from 8 AM - 5 PM**". I left respectfully and searched Bank's website

to submit my comment and there is nowhere to upload or leave a comment as The Director stated. Here is the only information provided on Bank Public File Page:

"Bank is able to provide hard copies of these documents; however, please note we may charge a reasonable fee to cover copying and mailing expenses. Please contact CRA Public File Management at the address listed below."

Any comments or questions about this portion of the website or about Bank CRA performance may be addressed to: **"The Director of Community Responsibility"** My concern is that this type of activity is happening all over the country and must be stopped. If CRA has no teeth, what are low- and moderate-income communities to do when advocacy for CRA by CDFIs has no support from the bank's primary federal regulators. Another issue is that Bank staff that is knowledgeable about the community credit needs and open to partnerships and collaborations to solve common problems like access to capital and credit for economically distressed areas where the wealth is being extracted and low-income individuals and communities get overlooked and forgotten about.

**PEOPLE TRUST COMMUNITY LOAN FUND** 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.

**CRA will be more effective in bolstering bank reinvestment activity in underserved communities, the more rigorous CRA exams and ratings are. 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.**

**Persistent racial disparities in lending should compel the agencies to incorporate race and ethnicity in CRA exams.** A recent national level analysis showed continuing disparities in loan denials by race and when people of color received home loans, their equity accumulation was less. NCRC had asserted in a paper that 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.

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 meet 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.

The agencies bolstered the rigor on the large bank retail lending test by introducing performance ranges for comparisons among a bank's lending and demographic and market benchmarks. This approach would decrease ratings inflation and result in more failing and low satisfactory ratings on the lending test. As a result of this proposed reform, several banks would likely respond by boosting their retail lending to underserved communities. The other large bank tests such as community development finance and services include improvements but need to be further developed to guide examiners against inflating ratings.

**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. However, the agencies must

further ensure that exams do not overlook assessment areas containing smaller metropolitan areas and rural counties.

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.