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Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

August 5, 2022

Re: RIN 3064-AF81

Dear Acting Chairman Gruenberg:

The City of Dayton 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. Through this improvement, CRA will be more effective in bolstering bank reinvestment activity in underserved communities by creating more rigorous CRA exams and ratings. 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, an issue that hits home in Dayton, 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 that when people of color did receive home loans, their equity accumulation was less. The National Community Reinvestment Coalition (NCRC) as asserted in a paper that it is possible for changes to CRA to comply with legal standards if CRA were to specifically consider 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. For communities who were severely redlined, like Dayton, this is vital for addressing ongoing racial inequities.

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 also 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 in an effort to seek input from a diverse range of organizations.

The agencies bolstered the rigor of 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. From 2009-2020 in Dayton, there were over \$4.6 billion in mortgages lent to low-moderate income (LMI) borrowers or in LMI census tracts. This incredible amount of investment should be bolstered by this work. 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 also to expand this data collection to all large banks. Transparency is vital in expanding access to resources.

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. For Dayton, from 2009-2020 over \$660 million was lent to LMI census tract businesses, and over \$1.8 million lent to small businesses. Yet, the Dayton metro is no longer the primary assessment area for any of our major local lenders. It is critical that Dayton and smaller cities like it not be overlooked by financial institutions or their regulators.

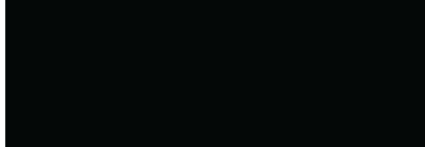
The agencies proposed to eliminate certain subtests for about 1,000 medium-sized and smaller banks that would eliminate their accountability for providing community development finance and branches in underserved communities. These changes lack justification since these banks have been successfully performing 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, like Dayton, Ohio. We urge that the NPR be approved and expanded upon.

Thank you for your consideration.

Sincerely,

The Dayton City Commission



Jeffrey J. Mims, Jr.
Mayor



Matt Joseph
City Commissioner



Christopher Shaw
City Commissioner



Darryl Fairchild
City Commissioner



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