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OCC: <https://www.regulations.gov/commenton/OCC-2022-0002-0001>

FDIC Federal Deposit Insurance Corporation: comments@fdic.gov

Federal Reserve Board of Governors: regs.comments@federalreserve.gov

Re: CRA NPR Comments – OPPOSE UNLESS AMENDED

OCC Docket ID OCC–2022–0002;

FDIC RIN 3064-AF81;

Federal Reserve Docket No. R-1769 and RIN 7100-AG29

To Whom It May Concern:

The Sacramento Environmental Justice Coalition (SacEJC) thanks the agencies for soliciting comments on a unified proposed **Community Reinvestment Act (CRA)** rule that seeks to retain key components of the CRA, modernize aspects where industry practices have outpaced the rules, and strengthen the ability of the CRA to stabilize and revitalize communities.

The CRA has been hugely impactful in providing credit, investments and financial services to underserved communities in California. In fact, the California Reinvestment Coalition, its members, and allies have negotiated over \$75 Billion in loans, investments, and financial services for communities of color¹ and low-income communities in California over the last two years as part of Community Benefits Agreements. Yet significant gaps remain in CRA rules and implementation, and the promise of CRA has not yet been realized. While the agencies make several positive suggestions in the proposed rule, we must oppose this proposal unless critical issues are addressed. The CRA must:

- Take race into account and evaluate banks for service to borrowers and communities of color
- Downgrade banks for harm such as discrimination, displacement, and fee gouging
- Ensure affordable housing tax credits and lending are reviewed separately, and increased
- Require banks to serve all areas (not 60%) where they take deposits and lend, and refrain from raising current asset thresholds which will decrease rural reinvestment
- Prioritize the opening of branches and penalize the closing of branches in underserved areas
- Elevate broadband/digital equity, access for Native American communities and climate resiliency
- Scrutinize the qualitative impact of all lending tied to banks, and end Rent-A-Bank partnerships
- Enhance community participation so that CRA activity is tied to community needs, CRA ratings reflect community impact, and bank mergers are denied unless they provide a clear public benefit that regulators will enforce

The Sacramento Environmental Justice Coalition (SacEJC) formed to advocate for the poor and marginalized in historically redlined communities. Through an environmental justice and public health lens, we have partnered with key advocates like the Community Reinvestment Coalition to address equity and inclusion issues. We urge policy makers and financial sector experts to consider including

¹ The use of the terms “people of color” and “communities of color” is meant to be inclusive of African American/Black, Latino/Hispanic, Asian American/Pacific Islander, and Native American persons and neighborhoods.



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communities who always make positive contributions to the economy through their labor, time and love for their communities.

Current CRA rules and implementation, as well as this proposal, do a poor job of encouraging and valuing community input. Community comments on exams are not solicited, and when provided, they are ignored. Community contacts appear a relic of the past, and were never bank-specific, instead asking about community needs and how banks generally were doing. Banks and the relevant agencies should post all comments on bank performance on their websites and be required to provide a response. The agencies should actively solicit community stakeholder input on the performance of particular banks during CRA exams and bank mergers. Ninety days should be provided to the public to comment. Banks and regulators should clearly disclose contact information for relevant staff. Bank mergers should default to public hearings when public commenters raise concerns.

Regulators must scrutinize bank merger applications to ensure that community credit needs, convenience and needs, and public benefit standards are met. Community Benefits Agreements should be encouraged as evidence that these standards can be met by the bank, and regulators should condition merger approvals on ongoing compliance with CBAs. Agencies should routinely review all existing consumer complaints, community comments, CFPB and agency investigations during CRA exams and merger reviews. In particular, community groups should be solicited for their views on bank practices relating to climate, displacement, discrimination, and other harms.

The SacEJC appreciates the opportunity to comment on proposed CRA rules. While there are positive aspects of the proposal, and the agencies are to be commended for working together, we cannot support this proposal in its current form. Significant changes need to be made to the final rule to ensure that borrowers and communities of color are considered under the nation’s anti-redlining law that banks are penalized for harm caused to communities - such as through displacement, climate degradation, fee gouging, and discrimination - that community input is valued and elevated, and that complex formulaic evaluation methodologies do not result in banks failing to meet critical community needs relating to affordable housing, homeownership, small business development, broadband, and rural and Native American community access. Thank you for considering these comments.



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The Sacramento Environmental Justice Coalition

