



Prestamos CDFI (Prestamos) is taking this opportunity to comment on Docket ID OCC-2022-0002, the “Notice of Proposed Rulemaking (NPR) on Reforming the Community Reinvestment Act Regulatory Framework.” Our organization strongly supports the Community Reinvestment Act (CRA) and additionally recognizes that there are opportunities for improvement.

Prestamos CDFI is one of the largest Latino certified Community Development Financial Institutions in the country with more than 30 years of serving low income and Latino communities. Historically, Prestamos has relied heavily on CRA motivated banks to raise low interest capital to, in turn, provide affordable and responsible lending solutions to underserved small businesses.

Reforms to the regulatory framework of the Community Reinvestment Act (CRA) must advance the primary purpose of the statute: assuring that banks provide appropriate access to capital and credit to their communities. Many of the proposed reforms to the CRA regulatory framework are positive reforms.

Prestamos applauds the continued recognition of the critical role community development financial institutions (CDFIs) play in helping banks meet their CRA obligations. We are pleased to see that the regulators acknowledge the value of CDFIs as partners to drive credit and capital to underserved markets. CDFIs have demonstrated that when you remove access to credit as a systemic barrier, communities in decline can begin to come back, and even thrive.

We are strongly urging the Agencies to retain and emphasize this language on page 93 that places ALL CDFIs, including CDFI banks and CDFI CUs, on an equal footing with Minority Depository Institutions (MDIs) and Low Income Credit Unions (LICUs) as qualifying for CRA consideration regardless of their location relative to an examined bank's assessment area.

In particular, the agencies must affirm that “All activities with Treasury Department certified CDFIs would be eligible CRA activities. Specifically, lending, investment, and service activities by any bank undertaken in connection with a Treasury Department certified CDFI, at the time of the activity, would be presumed to qualify for CRA credit given these organizations would need to meet specific criteria to prove that they have a mission of promoting community development and provide financial products and services to low-or moderate-income individuals and communities.”

**Persistent racial disparities in lending should compel the agencies to incorporate race and ethnicity in CRA exams.**

The proposed rule misses important opportunities to advance racial equity, a goal well within the intent of the legislation. The original intent of CRA was to address racial inequality but has essentially used income as a proxy for race since the law passed. Income is not an adequate substitute for race. For CRA to fully realize its potential and statutory purpose, there must be an

ongoing focus on increasing lending and investment in communities of color. Prestamos supports the inclusion of the following policy enhancements:

- Adding performance measures and creating benchmarks and metrics to assess lending, investing and services to people of color and communities of color;
- Providing CRA credit for banks that invest in CDFI products designed to address racial inequity;
- Enforcing anti-discriminatory activity across all elements of CRA, including avoiding arbitrarily excluding communities of color when banks designate assessment areas. This may also include incentives to invest in areas that meet certain criteria, like majority-minority census tracts, to explicitly support communities of color;
- Requiring banks to collect and disclose comprehensive racial and demographic data as part of the CRA exam and allowing banks to fail CRA exams if they are not lending to people of color or serving the needs of the community; o Including data collected under the Fair Lending Act, SSBCI program, and HMDA as part of the bank's evaluation;
- Adding racial demographics to the list of factors to consider when delineating assessment areas; and
- Expanding the use of Special Purpose Credit Programs to meet the needs of communities of color.

Prestamos also urges the agencies to review the extensive proposals developed by the National Community Reinvestment Coalition (NCRC) and Relman Colfax PLLC for incorporating race into exams without violating the Constitution and related existing legal standards.

Thank you for the opportunity to provide comments.

Respectfully,



Jose Martinez  
President