Risk Management Association

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August 5, 2022

VIA ELECTRONIC SUBMISSION

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

James P. Sheesley, Assistant Executive Secretary
Attention: Comments RIN 3064-AF81
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

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 No. R-1769, RIN 7100–AG29; Docket ID OCC-2022-0002, RIN 1557–AF15; RIN 3064–AF81)

Ladies and Gentlemen:

On behalf of its members, the Risk Management Association's Climate Risk Consortia (the "RMA Consortia") thank the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (the "Agencies") for the opportunity to comment on the joint notice of proposed rulemaking to amend the regulations implementing the Community Reinvestment Act of 1977 ("CRA") (the "Proposal").[1]

Representing 42 leading U.S. and international banking organizations, the RMA Consortia aim to advance climate risk management practices in the banking industry and assist banks in

1 *Community Reinvestment Act*, 87 Fed. Reg. 33884 (June 3, 2022).

integrating climate risk management throughout their operations, preparing the industry to help economies transition to a low-carbon future.[2]

RMA Consortia members are concerned by the potentially disproportionate impact climate change could have on low- and moderate-income ("LMI") communities and individuals. The CRA regulations could serve as a catalyst for increasing investment in preparing for and mitigating the risks of climate change to LMI communities. Therefore, the RMA Consortia appreciate the Agencies' efforts in the Proposal to broaden the scope of and clarify the climate-related activities that would receive consideration for CRA credit. As discussed below, however, we ask that the Agencies consider ways to further expand the scope of climate-related activities that would be eligible for CRA credit. We believe the criteria for disaster preparedness and climate resiliency activities as well as disaster recovery activities could be made less restrictive without undermining the objectives of the CRA regulations.

Disaster Preparedness and Climate Resiliency Activities

The RMA Consortia appreciate that the Proposal would make activities related to disaster preparedness and climate resiliency ("DPCR") eligible for CRA credit.[3] Under the current CRA regulatory approach, discrete DPCR activities may receive consideration if they fall within the scope of one of the prongs in the definition of "community development" (*e.g.*, revitalization or stabilization activities in designated disaster areas).[4]

The Proposal would add DPCR activities as a new prong in the definition of "community development" and define them as "activities that assist individuals and communities to prepare for, adapt to, and withstand natural disasters, weather-related disasters, or climate related-risks."[5] The activities would need to be conducted in targeted census tracts and in conjunction with a government plan, program or initiative focused on DPCR "that includes an explicit focus on benefitting a geographic area that includes the targeted census tracts."[6]

The RMA Consortia encourage the Agencies to consider additional ways to expand the scope of DPCR activities that would be eligible for CRA credit, including by making the following DPCR

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2 The RMA Consortia consist of two groups: the Climate Risk Consortium for large financial institutions (having total consolidated assets of $100 billion or more); and the Regional Bank Climate Risk Consortium.

3 Proposed §_.13(i).

4 *See* 87 Fed. Reg. at 33905; *Interagency Questions and Answers Regarding Community Reinvestment*, 81 Fed. Reg. 48506, 48529 (July 25, 2016), §_.12(h)-1, A1.

5 Proposed §_.13(i).

6 Proposed §_.13(i)(1) and (3). Under the Proposal, a "targeted census tract" means a low- or moderate-income census tract or a distressed or underserved nonmetropolitan middle-income census tract. Proposed §_.12.

activities eligible: (1) DPCR activities that are not conducted in conjunction with a government plan, program or initiative, including activities that are conducted in conjunction with community development organizations and nonprofits that benefit LMI individuals and communities;[7] and (2) DPCR activities that benefit LMI individuals residing outside targeted census tracts.[8] In addition, a broad range of activities should qualify as DPCR activities, including, among others, energy efficiency improvements and other energy-related activities, as well as utility-scale projects.[9]

Recovery Activities in Designated Disaster Areas

The Proposal also is intended to clarify the recovery activities in designated disaster areas that would be eligible for CRA credit, including by incorporating current guidance into the regulations.[10] RMA Consortia members understand the need for greater clarity in the CRA regulations. However, the RMA Consortia encourage the Agencies to consider expanding the scope of disaster recovery activities that current guidance suggests are eligible for CRA credit rather than incorporating the guidance as is. For example, the RMA Consortia suggest consideration of disaster recovery activities primarily benefiting LMI communities regardless of whether the activities are conducted in areas that are subject to a Major Disaster Declaration administered by the Federal Emergency Management Agency.[11] In addition, similar to the recommendation for DPCR activities, CRA credit should be available for disaster recovery activities regardless of whether they are conducted in conjunction with a government plan, program or initiative.[12]

Conclusion

The RMA Consortia appreciate the opportunity to provide these comments and look forward to continuing their engagement with the Agencies on these issues.

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7 *See* Question 14. 87 Fed. Reg. at 33906.

8 *See* Question 23. *See* 87 Fed. Reg. at 33907.

9 *See* Questions 21and 22. *Id.*

10 81 Fed. Reg. at 48527, §_.12(g)(4)(ii), A2.

11 Proposed §_.13(h)(1).

12 Proposed §_.13(h)(3). *See* Question 14.

Contact us & learn more at
www.rmahq.org

1801 Market Street, Suite 300
Philadelphia, PA 19103

Sincerely,

[redacted]

Fran Garritt
Director
Risk Management Association

rma
Contact us & learn more at
www.rmahq.org
1801 Market Street, Suite 300
Philadelphia, PA 19103