

PLEASE CONTACT BRENT ADAMS AT BADAMS@WOODSTOCKINST.ORG TO SIGN ON

[DATE], 2020

Comptroller Joseph M. Otting
Comptroller of the Currency
Comp 400 7th Street, SW
Washington, D.C. 20219

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

Docket No. OCC-2018-0008

Dear Comptroller Otting & Chair McWilliams:

The undersigned organizations submit these comments in response to the OCC/FDIC's Notice of Proposed Rulemaking (the "Proposal") regarding the Community Reinvestment Act (CRA). Local community needs should drive CRA activity, but the Proposal would do away with community needs almost entirely. Reducing the CRA evaluation down to a series of mathematical formulas is, in the words of the former chair of the FDIC Martin Gruenberg, "deeply misconceived." The net impact of the Proposal would be to sharply reduce the role that the CRA plays in responding to the needs of low- and moderate-income (LMI) communities.

The CRA has its roots in Chicago. Chicago activists, such as Gail Cincotta and Woodstock Institute founding board members, helped write the law. The staff for Senator Proxmire, the lead sponsor of the CRA, wrote parts of the law in Woodstock Institute's conference center. Woodstock Institute and partners mounted the first CRA challenge, which led to the nation's first major reinvestment agreement with First National Bank of Chicago.

The Proposal would do away with the service test entirely. In its place would be a formula for measuring bank branches that would give very little weight to branch distribution. Bank branches are still a vital part of the financial services delivery system, especially for LMI communities. The lending test would become a pass-fail formula, which would encourage banks to do just enough to pass. Aiming for stellar scores on the lending test would be a waste of resources because a barely passing score would be treated the same as a high score. Lastly, the CRA activities test would become a single metric aggregating the dollar value of a bank's CRA qualifying activities, which would encourage banks to cut down on smaller projects and investments. Why have a program making small community development loans when you can instead focus on a single project worth millions, such as improving an athletic stadium in an LMI Opportunity Zone?

The CRA is one of the few tools available to help ensure that banks meet the needs of LMI people and communities. CRA reform must preserve what works under the CRA and expand it to include the new internet banks. To protect the CRA ecosystem and the financial institutions, nonprofits, and LMI communities within it, we urge you to suspend the rulemaking process, invite the Federal Reserve back to the table, and release a proposal only when all three regulators are on the same page. This approach is in the best interests of all stakeholders.

Very truly yours,

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