



Advancing Economic Security
and Community Prosperity

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January 28, 2020

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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

RE: **Community Reinvestment Act Regulations**
Docket ID OCC-2018-0008
RIN 3064-AF22

Dear Comptroller Otting & Chair McWilliams:

Woodstock Institute and Chicago Community Loan Fund (CCLF) submit these comments in response to the OCC/FDIC’s Notice of Proposed Rulemaking (the “Proposal”) regarding the Community Reinvestment Act (CRA). This comment is being submitted today to enable the House Financial Services Committee to know our concerns in advance of the hearing on January 29, 2020, titled “The Community Reinvestment Act: Is the OCC Undermining the Law’s Purpose and Intent?” We will each be submitting a more detailed comment on March 9, 2020.

Woodstock Institute and CCLF applaud many of the provisions in the proposed regulations change. However, we have serious concerns that the Proposal would undermine the intent and purpose of the CRA. Local community needs are at the heart of the CRA. Moving to a purely quantitative assessment renders local community needs practically irrelevant. Under the Proposal, if an activity cannot be converted into a dollar amount, it does not count.

With a focus on dollars, the proposed framework would encourage banks, in an effort to limit overhead expenses, to satisfy their CRA obligations by reducing the number of CRA-qualifying projects and focusing on projects with a big price tag. The incentive to engage in smaller, more targeted community development loans, investments, and grants would disappear. In addition, regulators would no longer have a reason to make contact with the community to determine the community’s needs, as they do now. To preserve the community in the Community Reinvestment Act, 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 everyone’s best interests.

CRA History

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 first major reinvestment agreement in the nation with First National Bank of Chicago. Having seen what works under a CRA framework that considers both the quantitative *and* the qualitative, we are deeply concerned about the Proposal’s drastic overhaul of the regulations.

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About Woodstock Institute

Woodstock Institute's mission is to create a just financial system in which lower-wealth persons and communities and people and communities of color can achieve economic security and community prosperity. Since its foundation in 1973, Woodstock Institute has been a recognized leader in building bridges between low- and moderate-income communities, financial institutions, regulators and policymakers. We conduct high-quality research on financial products, services, investments, and policies at the local, state, and national levels. Our findings and recommendations inform and influence efforts to build a more equitable financial system.

About Chicago Community Loan Fund

Founded in 1991, Chicago Community Loan Fund is a federally certified Community Development Financial Institution (CDFI) providing flexible, affordable and responsible financing and technical assistance for community stabilization and development efforts and initiatives that benefit low- to moderate-income neighborhoods, families and individuals throughout metropolitan Chicago. To-date, CCLF has closed 497 loans totaling over \$229 million in financing that has leveraged an additional \$1.4 billion in public and private sector capital for community projects. For more information, please visit cclfchicago.org.

Very truly yours,

WOODSTOCK INSTITUTE
CHICAGO COMMUNITY LOAN FUND