Guide to Commenting on the Proposed Changes to the Community Reinvestment Act

The Office of the Comptroller of the Currency (OCC) and the FDIC have released their Notice of Proposed Rulemaking (NPR) to dramatically re-write Community Reinvestment Act (CRA) regulations. If the proposed changes are enacted, area banks will be able to do absolutely no reinvestment in Maryland -- no mortgages to low- and moderate-income (LMI) people, no loans for small businesses in LMI neighborhoods, no financing for affordable housing, no grants for nonprofits, and no bank branches serving LMI communities -- and still get an Outstanding grade on their performance evaluations.

We need your help to stop this. The OCC and FDIC are accepting comments on the NPR, and the best way to fight their proposals is to submit as many unique comments challenging the rule as we can. The comment period is open until midnight March 9, 2020.

The Maryland Consumer Rights Coalition has developed these materials to make it as simple as possible for both organizations and individuals to write and submit unique comment letters opposing the changes to CRA. We estimate this will take 30 - 60 minutes for an organization and just 5 - 10 minutes for an individual to submit a comment using this guide.

For an electronic version of this document, email Robyn at robyn@marylandconsumers.org

If you need assistance in writing and submitting comment letters, or would like help in engaging your network in writing comment letters, please contact Robyn Dorsey at 704-251-9241 or Robyn@marylandconsumers.org

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CRA NPR Comment Letter Instructions for an Organization

1. Copy the attached language into a word document.

2. Language that is in plain text can be left alone.

3. Language that is in italics is a series of prompts to assist you adding your own unique experiences to the comment letter. Answer any and all questions that apply. Use data when available to illustrate your story. Delete the italicized language after you have answered the prompts.

4. Language that is highlighted in grey is an example of how other organizations have answered the prompts. Delete the highlighted language after you have answered the prompts.

5. There are three optional sections: Affordable Housing, Small Business, and Bank Branches. If these sections are relevant to your organization, answer the prompts. Be sure to delete the italic language and the highlighted language. If these sections are not relevant to your organization, delete them.

6. When your letter is finished, either cut and paste it into the body of an email OR save the document and attach it to an email.

Send the email to

- cra.reg@occ.treas.gov
  - subject line: Docket ID OCC-2018-0008

  AND

- Comments@fdic.gov
  - subject line: RIN 3064-AF22

  AND

- Copy robyn@marylandconsumers.org
To Whom It May Concern:

Write two-three sentences briefly explaining who you are and what your organization does. Who do you serve? Where do you work? Consider using your mission statement.

Examples:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition that advances economic inclusion and financial justice through research, advocacy, consumer education, and direct service. Our members include consumer advocates, practitioners, and low-income and working families throughout Maryland.

HomesteadCS is based in Lafayette IN and our mission is: to provide education and other resources to increase affordable, sustainable housing opportunities and financial stability in the communities we serve and to be a catalyst for the development and revitalization of our neighborhoods. We do this by providing housing and financial education, foreclosure prevention counseling, reverse mortgage counseling and we have a small loan product to give our families access to affordable small lending. We also own a 74 unit Section 42 Senior Housing Building. We serve 10 Indiana counties, most of which are rural.

Therefore, we strongly oppose the Office of the Comptroller of the Currency’s (OCC) and the Federal Deposit Insurance Corporation’s (FDIC) Notice of Proposed Rulemaking (NPRM) regarding the Community Reinvestment Act (CRA). CRA requires that deposit-taking institutions meet the convenience and needs of the low- and moderate-income (LMI) communities in which they operate. Over the decades, CRA has leveraged significant amounts of loans and investments in LMI communities; Since 1996, banks have issued almost $2 trillion in small business loans and community development loans and investments in LMI communities.

Qualifying Activities

The strength of CRA is in the feedback loop it creates between communities, banks, and regulators. The credit needs of communities are distinct and diverse, and current regulations emphasize the need for banks to collaborate with community organizations to develop innovative products, services, loans and investments that meet the community’s credit needs.

Write about how your program or organization interacts with banks. Answer all that apply:

- When did you first begin working with the bank?
- What problems were you trying to address?
- What did you do as a result of your collaboration?
- What was the impact?

Example:

For the last five years, MCRC has worked closely with BB&T (now Truist) as part of our Securing Older Adult Resources (SOAR) program. Over 40% of the low-income senior adults in the State of Maryland live in Baltimore City. This includes over 27,000 seniors who struggle to pay their bills every month. Many of these seniors are eligible for assistance programs but are not currently
receiving those benefits. Older adults are also at risk for being victims of fraud both in person and online. To help address these issues, BB&T has co-hosted outreach events to promote underutilized tax credits, provided scam-prevention trainings at senior centers, and distributed brochures promoting the SOAR program and detailing scam prevention tips in their branches. As a result of this collaboration, more than 1,500 older adults received brochures on how to prevent financial fraud, and 230 older adults received assistance in applying for tax credits and other benefits.

In light of these experiences, we oppose the creation of a specified list of qualifying activities. The OCC and FDIC’s proposed regulations would create a list of qualified activities rather than hold banks accountable to meeting the needs identified by community members and nonprofit organizations. This proposal would undermine collaboration between banks and community groups by enacting unclear performance measures on CRA exams that would not accurately measure bank’s responsiveness to local needs. Instead, we suggest the OCC and FDIC develop a list of principals defining CRA-qualified activities along with an illustrative but not definitive list of activities.

**Affordable Housing**

The NPRM redefines affordable housing to include middle-income housing in high-cost areas. In addition, the NPRM would count rental housing as affordable housing if lower-income people could afford to pay the rent without verifying that lower-income people would be tenants.

*Describe the need for affordable housing in your community. Answer all that apply.*

- What percentage of income do your clients spend on housing?
- How hard is it for your clients to find housing they can afford?
- What are some of the barriers to accessing affordable housing?
- What happens when clients or community members are unable to find affordable housing?

**Example:**

*This could allow banks to get credit for developments that house all upper-income families, paying very low rent. Since our low-income tenants often have credit issues and evictions on their records, this will be yet another barrier for them to overcome, competing with high-income tenants.*

As you can see, affordable housing for LMI people is a critical need in our community. The OCC and FDIC should not expand the definition of affordable housing to include middle-income housing, nor loosen the standard for verifying that housing is being used by LMI tenants.

**Small Businesses**

The OCC and FDIC propose redefining what constitutes a small business for CRA purposes from $1M in annual revenue to $2M in annual revenue. The CFPB estimates that 95% of small businesses have revenues of $1 million or less.

*Describe your work with small businesses. Answer all that apply.*
**What is the annual revenue of the small businesses you work with?**

**Do the small businesses you work with have access to affordable capital?**

By redefining the small business to include businesses with $2M in annual revenue, the OCC and FDIC will divert lending from the smallest businesses who otherwise struggle to access affordable capital.

**One Ratio**

The agencies propose a one ratio measure that consists of the dollar amount of CRA activities divided by deposits. This ratio measure would encourage banks to find the largest and easiest deals anywhere in the country as opposed to collaborating with communities and responding to local needs. The inclusion of public infrastructure financing as a qualifying CRA activity would further displace smaller dollar financing for small businesses or homeowners.

The proposal would also allow banks to fail the Retail Lending test and make no community development investment in one half of the areas on their exams and still pass their CRA exams. This would incentivize the export of capital from communities, as banks seek the most efficient and easiest way to fulfill their reinvestment obligations.

**Describe the potential impact on your clients or community if banks stopped providing funding to. . . (answer any/all that apply)**

- Funding to nonprofits?
- Investments in affordable housing?
- Products and services to clients and community members?
- Mortgages to LMI people and in LMI neighborhoods?
- Small business loans?

**Example:**

*CRA investments and grants are vital to HomesteadCS’s continued ability to serve our low-to-moderate income families. CRA funding is often the first-in dollars, meaning it drives rehabilitations, loans, and developments that then spur broader market interest, resulting in larger scale revitalization and quality of life improvements. If area banks choose to concentrate their reinvestment activities elsewhere, it would be much harder for HomesteadCS to meet our mission.*

**Bank Branches**

The NPRM would significantly reduce the importance of bank branches in CRA performance evaluations. This would likely lead to the closure of branches serving LMI neighborhoods.

**Describe why bank branches are important to your community.**

- Have branches closed in your community? How did that impact your clients, community, and/or organization?
- If you don’t have any bank branches, how does that impact your clients, community, and/or organization?
- How would it impact small businesses in your community if they didn’t have convenient access to branches?

Example:

With just two branches, South Baltimore is a bank branch desert. After receiving their first paycheck, two youth participants in Grow Home’s workforce development program requested assistance in cashing their checks. Without branches in their neighborhood, the youth workers did not have access to deposit services and were unsure of how to access their wages.

Branches are essential to the economic vitality of communities, and CRA regulations should emphasize the importance of physical branches in LMI neighborhoods.

The proposed regulations would encourage the export of capital from communities, in direct contradiction of the statutory goal of the CRA. We urge the OCC and FDIC to discard the NPRM and instead work with the Federal Reserve Board and propose an interagency rule that will modernize CRA in a way that will increase reinvestment in LMI communities.

Sincerely,

Name

City, State

Title (if applicable)

Organization (if applicable)
<table>
<thead>
<tr>
<th>Sentence</th>
<th>Examples</th>
</tr>
</thead>
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| 1. Please describe yourself. | I live in subsidized senior housing.  
● Do you live in subsidized housing?  
● Are you a homeowner?  
● Do you live in a working class neighborhood?  
● Are you a small business owner or employee?  
● Are you a client or employee of a nonprofit? |

| 2. What would the proposal do? Pick One: | The proposed use of one ratio would encourage banks to reinvest our money in other communities.  
The proposal would allow banks to reinvest zero dollars in my community and still pass their CRA exam. |

| 3. If this happens . . . Describe the potential impact on you, your clients or community if banks stopped providing (answer any/all that apply) | If this happens, it may be more difficult to obtain mortgages in my neighborhood.  
If this happens, it may be more difficult to finance future affordable housing developments.  
If this happens, the bank branches in my community may close. I would struggle to receive my benefits. I may be more susceptible to financial fraud. I would have to rely on expensive check cashing services.  
If this happens, it will be hard for businesses like mine to open business accounts or get loans from banks.  
If this happens, my nonprofit/youth services may lose funding. |

| 4. Write a sentence telling regulators not to pass these proposed regulations. | Please don’t make these changes. |
Sample Individual Comments

Sample One:
February 4, 2020
RE: OCC-2018-0008  RIN 3064-AF22
To Whom It May Concern:
I own a home in Highlandtown, Baltimore, a low-income neighborhood. The proposal would allow banks to reinvest zero dollars in my community and still pass their CRA exam. If this happens, it may be more difficult to obtain mortgages in my neighborhood. Please don’t make these changes.
Thank you,
Robyn Dorsey
Baltimore, Maryland

Sample Two:
February 4, 2020
RE: OCC-2018-0008  RIN 3064-AF22
To Whom It May Concern:
I am a client of the Maryland Consumer Rights Coalition’s Securing Older Adult Resources program, where I receive financial counseling. The proposed use of one ratio would encourage banks to reinvest our money in other communities. If this happens, MCRC may lose funding and be unable to serve people like me. I urge you not to pass these regulations.
Sincerely,
Helen Santos
Oxon Hill, Maryland
(date)

RE: OCC-2018-0008  RIN 3064-AF22

To Whom It May Concern:

Sincerely,

_____________________________________________________
(name)
_____________________________________________________
(City, State)
Two Ways to Submit Your Individual Comments:

1. Send the email to
   a. cra.reg@occ.treas.gov
      i. subject line: Docket ID OCC-2018-0008
   
      AND

   b. Comments@fdic.gov
      i. subject line: RIN 3064-AF22
   
      AND

   c. Copy robyn@marylandconsumers.org

2. Have your clients hand write letters and mail them to:

   Robyn Dorsey
   Maryland Consumer Rights Coalition
   2209 Maryland Avenue
   Baltimore Maryland 21218

   I will copy your letters and submit them to both regulators.