

# Congress of the United States

Washington, DC 20515

October 4, 2019

The Honorable Jerome H. Powell  
Chairman  
Board of Governors of the Federal Reserve  
System  
20th Street & Constitution Avenue, NW  
Washington DC 20219

The Honorable Joseph M. Otting  
Comptroller  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street SW  
Washington, DC 20551

The Honorable Jelena McWilliams  
Chairman  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Dear Chairman Powell, Comptroller Otting, and Chairman McWilliams:

We write to reiterate our grave concern about the impact of potential reforms to the Community Reinvestment Act (“CRA”). Any updates to this vital rule must be consistent with its original purpose of bringing financial services and credit access to low- and moderate-income (“LMI”) and underserved communities that continue to bear the legacy of redlining and blatant discrimination.

We urge the three banking agencies to jointly issue a CRA proposed rule. Moreover, as is outlined in further detail below, we strongly oppose any new evaluative metrics based on the aggregate dollar volume of a bank’s CRA activity, which would weaken CRA and hurt the LMI people and places it is intended to help. The agencies should not proceed until they are able to agree on a more constructive approach that strengthens the CRA.

The CRA has been instrumental in ensuring that the country’s financial institutions meet the needs of LMI people and communities. Access to banks and financial services has been an essential tool for raising people out of poverty throughout American history. Policies that restrict access to credit and banking, such as those that result in redlining, have perpetuated a long legacy of discrimination and disinvestment in America, and held back impoverished minority communities. The result is racial and ethnic disparities in wealth, credit access, and homeownership.

Given this history, any changes to the CRA must hold lenders accountable for meeting the local credit and investment needs of LMI communities where the lender has branches or other facilities while appropriately considering changes in our banking system. Regulators cannot determine how a bank is serving the needs of its local community by relying on a simple ratio or dollar volume metric, whether at the assessment area/community or institution level. Instead, examiners should review whether banks are reaching the borrowers and neighborhoods that CRA was intended to serve. For example, evaluative metrics must not disincentivize banks’ response to needs already identified, such as small dollar financing for homebuyers and very small businesses.

To truly evaluate compliance, regulators must assess both qualitative and quantitative factors, building upon the system that exists and strengthening it. Quantitative factors should include the distribution of lending and investment activities across borrowers and neighborhoods. Qualitative factors include the type of financial services and products offered and how well lending and community development activities address local needs and opportunities. The new framework must also clarify what and where activities will be counted, disqualify activities that displace LMI residents, include protections against discriminatory effects of new technology, emphasize the importance of financial inclusion and community input, bolster the emphasis on outcomes for target communities, and strengthen the focus on CRA-qualifying activities that are impactful for LMI borrowers and neighborhoods.

After the OCC released its advance notice of proposed rulemaking, it received over 1,500 comments which overwhelmingly highlighted the importance of adhering to the law's original purposes: increasing access to banks and financial services, increasing access to credit, and providing support for community development for LMI borrowers and neighborhoods. The great majority of the comments from both industry and community-based organizations also opposed adopting a dollar volume ratio as determinative of the CRA rating.

Having received this feedback, we believe it only proper that each of your agencies commit to not proceeding with a proposal without the endorsement of community development and civil rights groups that represent the interests of the communities most directly impacted by CRA. While it is important that, in the face of new technologies and products, we appropriately assess lenders' efforts to serve all communities with the types of credit and investment those communities need, it is even more essential that the original purpose of the law not be undermined. By working together and incorporating the feedback of CRA stakeholders, including the civil rights community, the three agencies can ensure that CRA is strengthened, not diluted.

We request that your agencies commit to briefing the House Committee on Financial Services and the Senate Committee on Banking, Housing, and Urban Affairs on key elements of proposed changes to the CRA, including any quantitative methodologies and their expected impact on target communities, prior to moving forward with a Notice of Proposed Rulemaking. We hope to have the opportunity to work with each of your agencies to strengthen, not weaken, the CRA.

Sincerely,



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Sherrod Brown  
United States Senator



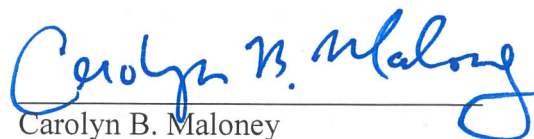
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Gregory W. Meeks  
Member of Congress





Elizabeth Warren  
United States Senator



Carolyn B. Maloney  
Member of Congress



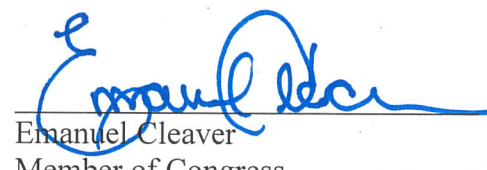
Robert Menendez  
United States Senator



Al Green  
Member of Congress



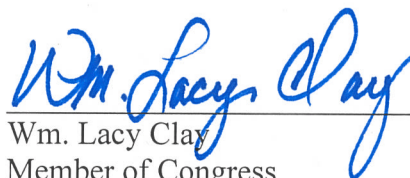
Chris Van Hollen  
United States Senator



Emanuel Cleaver  
Member of Congress



Jack Reed  
United States Senator



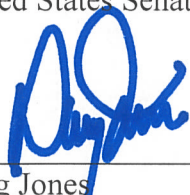
Wm. Lacy Clay  
Member of Congress



Catherine Cortez Masto  
United States Senator



Stephen F. Lynch  
Member of Congress



Doug Jones  
United States Senator



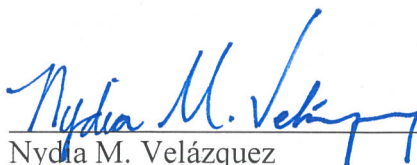
Sylvia Garcia  
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United States Senator



David Scott  
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Nydia M. Velázquez  
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Ayanna Pressley  
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Rashida Tlaib  
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Katie Porter  
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Member of Congress



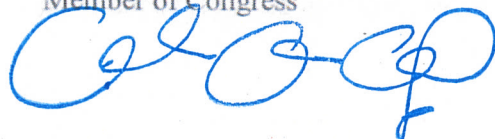
Bill Foster  
Member of Congress



Juan Vargas  
Member of Congress



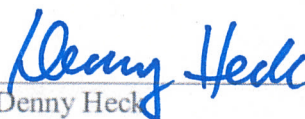
Ed Perlmutter  
Member of Congress



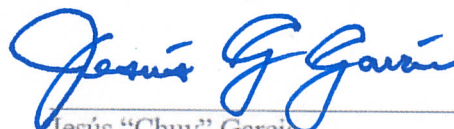
Alexandria Ocasio-Cortez  
Member of Congress



Vicente Gonzalez  
Member of Congress



Denny Heck  
Member of Congress



Jesús "Chuy" García  
Member of Congress



Cirdy Axne  
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