

August 1, 2022

DEPARTMENT OF THE TREASURY  
Office of the Comptroller of the Currency  
12 CFR Part 25  
Docket ID OCC-2022-0002  
RIN 1557-AF15

FEDERAL RESERVE SYSTEM  
12 CFR Part 228  
Regulation BB  
Docket (R-1769)  
RIN (7100-AG29)

FEDERAL DEPOSIT INSURANCE CORPORATION  
12 CFR Part 345  
RIN 3064-AF81

To Agencies proposing regulations under the Community Reinvestment Act:

The Social Justice and Peacemaking Ministry Unit of College Hill Community Church of Dayton, Ohio supports improvements in the Regulations concerning the Community Reinvestment Act. However we are concerned that more needs to be done to support the CRA's goals of more investment in communities that need it.

Our Church is a racial and cultural rainbow that values all people. We contact you because our faith tradition expects justice from the powerful, care for the needy and vulnerable, and love for the worth of all people in all their diversity. Accordingly outsiders and the poor are to be valued, workers are to be paid a fair wage, a fair marketplace is required, and greed, exploitation and excessive debt are to be prevented. These values are not limited to our Judeo-Christian faith tradition but are found throughout American society.

We are located in a mostly African American neighborhood in northwest Dayton, Ohio. Dayton has long been one of the nation's most racially segregated cities. Many around us are low or moderate income. Our community has been a target for numerous kinds of disinvestment, and is often described as a food desert, a healthcare desert, and a retail desert. It was a former ground zero in the foreclosure crisis, where predatory mortgage lending first appeared. Predatory mortgage lending created a "subprime" mortgage market to which minorities were ensnared despite their credit histories. As a result boarded up foreclosed-on homes are prevalent in our neighborhoods, and much home based wealth was lost to owners in our neighborhood. Supermarkets, retailers, and restaurants have left for wealthier white suburbs. Hospitals have closed. Schools have been closed. Abandoned strip malls are prevalent. Employers have closed their factories. Small businesses struggle and often fail. Unemployment among

disadvantaged groups like minority youth and citizens returning from the penal system remain high. Bank branches have closed as well. Many people are unbanked, suffer from the digital divide, and continue to be taken advantage of by high cost lending. Homebuyers have difficulty getting loans and are often victims of predatory land contracts. People seeking to improve their lives and those of people in their communities by starting and operating small businesses often suffer the same fate.

Like many other communities, Dayton was redlined by the early FHA program. Home insurance redlining was also common. The redlining map from back then looks very much like the map displaying the opportunity gap that exists today.

This is particularly true in light of the Coronavirus epidemic that has made radical changes in the lives and economic situation of many, and particularly those at or near poverty. Its expected effect on small businesses in poverty communities, those who lack access to nutrition, health care and stable employment, as well as on the community as a whole, makes it important that Community Reinvestment Act principles be applied to personal and small business lending.

The Community Reinvestment Act encourages investment in communities and particularly low and moderate income communities and communities of color. We see a severe need for investment, both personal and business lending, in these communities. This was true before the coronavirus emergency and will be even more true afterwards. It is imperative that small business formation be enhanced in communities like ours. It is important to reverse the downward spiral that disinvestment creates.

We therefore urge the following.

1. One way to undo the effects of redlining is to pay more attention to the race and ethnicity of borrowers and applicants and not just to the racial and ethnic composition of the locality being looked at. It is clear from the legislative history of the Community Reinvestment Act that the law was intended to remedy racial discrepancies such as were caused by redlining. However while HMDA data collected includes racial data, the agencies do not presently consider this data in their evaluations. They should do so, particularly in neighborhoods areas experiencing ongoing discrimination, or exhibiting significant racial disparities in lending. This should also be done in underserved neighborhoods with low levels of lending, since they are disproportionately communities of color. A particular problem is areas of gentrification, where affluent whites may be given loans and existing minorities not, actions that are masked in CRA data if only area rather than race are considered. The agencies should require plans to remedy such situations, and then ensure that the plans are carried out.
2. All lenders should be equipped to welcome and work with non-English speaking borrowers, such as Hispanics, Middle Eastern and African immigrants, who may not be familiar with American style banking.

3. Banks must provide more branches and more affordable lending products in lower income areas, including small business loans. This could reduce reliance on predatory and subprime loan products and give people reasons not to be unbanked. Agencies should require banks to reform the tools that determine who is credit worthy and at what interest rate. CRA exams should also scrutinize bank partnerships with nonbank institutions for the purpose of evading state usury caps and offering high cost products that mire consumers in unsustainable debt loads.
4. Agencies should adopt ways to encourage community input into the regular CRA exams, particularly as to whether banks are meeting community needs through their loans. One way is to publish public comments on the agency websites and requesting that the banks respond. Agencies should also reach out to community organizations concerned about economic development and justice for consumers. Documentation on performance should be disclosed while comment periods are open. All of these efforts should be codified into regulations.
5. Virtually all banks receive satisfactory CRA exam ratings or better. This does not reflect the realities of low income and minority communities. The agencies have proposed additional tests for large banks, but more is needed. Tests should be more rigorous on details as to how banks meet the needs. Furthermore more rigor is needed for medium sized and small banks as well
6. The CRA is noteworthy for the lack of legal remedies for poor performance. One place where there is a potential remedy is when banks seek to merge, as they often do. However presently virtually all mergers are approved. Agencies should improve upon their implementation of the “convenience and needs” (public benefits) standard required under banking law for mergers. Community groups need to be able to access data with FOIA within the required time limits. Agencies must expect concrete plans from merging banks concerning how they will increase lending, investment and services to traditionally undeserved communities, including encouraging community benefit agreements.
7. There are proposed improvements in data collection but many are limited to “super-large banks” with more than \$10 billion in assets. These should be required of all banks. CRA is only as good as the data that is collected. All of the data must be easily accessible to the public so that communities can evaluate the lenders.
8. Agencies should not raise asset limits in ways that move banks into categories which reduce the obligations of lenders to serve the public.
9. The agencies should look at, examine the results and give credit for properly carried out community benefit agreements. They should do the same for investments in community-driven climate resilience.
10. Given the proliferation of online lending, agencies should expand the geographical assessment areas used in CRA exams to include areas beyond bank branches where banks make significant numbers of retail loans. Smaller

cities such as Dayton and its surrounding rural areas should not be given less weight than larger metropolitan areas.

We urge the agencies to seriously consider the views and data presented by the National Community Reinvestment Coalition on the details of how to strengthen and improve the CRA. The late Dayton City Commissioner Dean Lovelace was a dedicated advocate for using the Community Reinvestment Act to improve investment in low income communities. He was an official in the NCRC and took part in shaping their views on the CRA and its needed improvements. The CRA remains crucial to making the financial industry responsive to the needs of the most needy.

In closing we urge the agencies to support and strengthen the CRA through its proposed regulations.

Thank you for your attention to our comments

Sincerely,

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