

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Description:

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From: Local First Arizona, Kimber Lanning

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Subject: R-1723 Community Reinvestment Act

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Comments:

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First name: Kimber

Middle initial: L

Last name: Lanning

Affiliation (if any): CEO

Affiliation Type: Other (Oth)

Address line 1: 407 E Roosevelt Street

Address line 2:

City: Phoenix

State: Arizona

Zip: 85004

Country: UNITED STATES

Postal (if outside the U.S.):

Your comment: Subject: Comment regarding "Reforming the Community Reinvestment Act Regulatory Framework"

Docket Number R-1723 and RIN Number 7100-AF94

To Whom It May Concern:

As a representative of Local First Arizona, the largest locally owned business coalition in the US, I appreciate the opportunity to comment on the Office of the Comptroller of the Currency's (OCC) Proposed changes regarding the Community Reinvestment Act (CRA). CRA has leveraged significant amounts of loans and investments for low- and moderate-income communities and small business. Since 1996, banks have issued \$2 trillion in small business and community development loans, as well as investments in low- and moderate-income communities.

In Arizona, CRA has motivated banks to provide loans and investments for economic development, especially in the rural communities in which we serve. We are Arizona's Rural Development Council, and we actively see first-hand the importance of small business lending and investment from banks to rural communities throughout Arizona. I write to convey the incredible importance that CRA has in ensuring that underserved communities across our state receive the resources they need in order to build wealth and maintain local ownership.

Following the COVID-19 crisis, the CRA will be more important than ever to help our state recover. The members of Congress that drafted CRA and secured its passage were clearly concerned about disparities in lending in minority communities. CRA must include lending, investing, and service to people and communities of color in its evaluations. All three bank agencies should start over, work together and be in agreement on any plan to modernize CRA.

CRA must be strengthened in order to combat discrimination. The Fed emphasizes improving the performance measures on CRA exams including those used on the lending test that compare a bank's percent of loans to LMI borrowers to other lenders. The Fed does not describe in detail the impact of its reforms on CRA ratings except to hint that banks may continue to receive the same grades. CRA exams should include performance measures assessing lending, investing, branching and services to

people of color and communities of color.

Communications among the federal agencies, banks, and community groups could be improved. Diminishing the importance of branches, assessment areas, and public input will decrease lending and access to banking in the communities that need it the most. We urge the OCC to develop reform proposals with the Federal Reserve Board and the FDIC that are inclusive of LMI communities and small businesses. Under current rules, 98 percent of banks pass their CRA exams. The rules should be updated, but banks have managed well and earned record profits under the current rules. There is no need for the OCC's new rules now.

Finally, we applaud the Fed proposal to eliminate distinctions in the rigor of examination among assessment areas that have resulted in banks neglecting smaller cities, rural counties and Native American lands.

Sincerely,

Kimber Lanning, CEO, Local First Arizona