

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

Description:

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Comment ID: 137882

From: Michael Mellini

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

Subject: R-1723 Community Reinvestment Act

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Comments:

NONCONFIDENTIAL // EXTERNAL

Dear Federal Reserve System,

Thank you for the opportunity for public comment for the Federal Reserve Board on methods to update and enhance the Community Reinvestment Act (CRA).

The CRA needs to respond to changes in the banking sector; such as the reduced number of community-based banks and the evolving manners in which people utilize banks; and have a significant impact by assessing the evaluation process for banks awards "outstanding" and "satisfactory" to make sure they are used less frequently than previously. The current rating system suggests that the banking system is doing an excellent job to meet the CRA's goals, which it certainly is not..

We need an evaluation process that more meaningfully addresses systemic inequities in access to credit, expands financial inclusion, and combats redlining, particularly for communities of color and rural communities. Access to credit includes affordable mortgage and home equity loans for sustainable homeownership, as well as affordable and flexible small business credit, savings, and loan products that create a foundation for sustainable small businesses.

The CRA needs to include an explicit focus on racial equity. As supported by data, if income is controlled for as a variable, loan denials correlate to race. Bank ratings should be downgraded when persistent disparities are found in lending or banking services, including for small business loans.

Sincerely,  
Michael Mellini