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Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Submitted electronically: regs.comments@federalreserve.gov

Re: Advance Notice of Proposed Rulemaking, Community Reinvestment Act Regulations, Docket No. R-1723 and RIN 7100-AF94

Dear Board of Governors:

Please find below the comments of the Hope Enterprise Corporation / Hope Credit Union / Hope Policy Institute (HOPE) in response to the Federal Reserve's Notice of Proposed Rulemaking, Community Reinvestment Act Regulations, Docket No. R-1723 and RIN 7100-AF94.

HOPE was established to ensure that all people regardless of where they live, their gender, race or place of birth have the opportunity to support their families and realize the American Dream. Since 1994, HOPE has generated over $2.9 billion in financing that has benefitted more than 1.7 million people throughout Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

Sixty-nine percent (69%) of HOPE members have household incomes below $45,000 and eight out of 10 members are people of color. Our branches are located in areas often left behind from other types of investment, with 86% in counties where the majority of the residents are Black. One-third of our branches are located in counties that have been in deep poverty for more than three decades, and three branches are in small Delta towns with no other depository institution.

The Community Reinvestment Act (CRA) has been a critical, though imperfect, tool for HOPE to leverage the resources it needs to serve low-income communities, rural communities, and communities of color in the Deep South. Rooted in our experiences in serving communities that are frequently underserved by banks and our experience in utilizing the CRA to help do this work, HOPE seeks to strengthen the CRA and its ability to significantly increase banks' lending, services, and investments in our region.

The racial wealth gap is deep, and the economic and social benefits of closing it are vast. The financial system, particularly banks' lending practices, has been a driving factor in this gap, and must play a significant role in closing it. Ultimately, **closing the racial wealth gap has the potential to increase the national Gross Domestic Product (GDP) between $1 and $1.5 trillion by 2028**.[1] Closing the gap in access to capital for people and communities of color is a critical pathway to closing the racial wealth gap. Lenders and communities alike will benefit from the resulting economic activity from a fairer, more robust marketplace. The CRA can be a helpful tool in guiding banks' actions to ensure they repair, rather than repeat, centuries of racial and economic inequality.

These comments provide HOPE's recommendations to move the CRA to its full potential for Deep South communities. It focuses on the following priority areas:

1. Objective and Overview
2. Assessment Areas
3. Designated Areas of Need
4. Increasing Investments in MDIs
5. Increasing Investments in CDFIs
6. Provisions Related to Rural Areas
7. Increasing Investment in Minority-Owned Businesses
8. Recommendations for the Retail Test
9. Strengthening Fair Lending Enforcement
10. Summary of Recommendations on Race

1. Objective and Overview (Question 1 and 2)

The Federal Reserve should explicitly state and work towards an objective of **significantly expanding – as much as three fold – bank lending, services and investment in low-income communities and communities of color**. In addition to increasing the amount of bank activity, a reformed CRA must also ensure these investments actually reach people and communities that have both been historically underserved and divested of their resources.

HOPE is pleased to see the Federal Reserve take a strikingly different approach than the rule finalized by the Office of the Comptroller of the Currency, which had many damaging elements, not the least of which being the general performance standard.

While the current proposal is promising, it is not certain that the proposal will move bank activities in the direction they need to go. Currently, more than 98% of banks pass their CRA exam, despite the glaring racial and economic inequities in the banking system. It is unclear how the proposal's evaluation mechanisms will change this status quo.

Race is inextricable from the CRA's history, purpose, and the "ongoing systemic inequity in credit access for minority individuals and communities." Race should be included in the specific metrics by which banks are evaluated for CRA purposes. Specific recommendations of how to do this are incorporated throughout the comment, with details provided in their respective area. They are also summarized in brief in Section 10 of this comment.

2. Assessment Areas (Questions 3 – 10)

HOPE strongly supports the creation of assessment areas in addition to those where banks are physically located. This is particularly important for regions in the Deep South which are largely banking deserts. These additional assessment areas should be drawn based on a mix of lending **and** deposit activity. When evaluating various options for determining the method to establish these new assessment areas, the Federal Reserve should assess their reach into Deep South communities, particularly rural communities of color.

HOPE supports, for internet banks and/or hybrid banks, the creation of assessment areas beyond their physical location. These too should be based on where these banks engage in business, as determined by a mix of lending and deposit activity. HOPE agrees with NCRC's recommendation against a national assessment area for internet banks because "internet banks would gravitate towards serving those areas in which it is easiest to conduct CRA activities rather than areas most in need of credit and capital." This means internet banks would be free to engage to take deposits from our communities, but would be free of any obligation to serve them with meaningful access to capital that builds wealth. HOPE's experience with other programs with a national service area has been that harder to serve communities, such as rural communities of color in the Deep South, are often bypassed. Assessment areas for internet and hybrid banks beyond their physical locations should be at a state or local level.

Basing assessment areas on deposit-only concentration will not reach already underserved communities. By their very nature, low-income communities have very little money and therefore very few deposits. The small Delta town of Itta Bena, Mississippi, where HOPE is the only depository institution, provides a good example. Itta Bena has a 42% poverty rate, median income of about $20,000, and 91% of its residents are Black. HOPE estimates the total deposit potential in Itta Bena is approximately $1.1 million. It will be nearly impossible for such areas to comprise even a five percent concentration of a banking institution's total deposits.

To gauge how the deposit-only concentration would affect low-income communities and communities of color throughout the country, HOPE analyzed data from the FDIC deposit database.[2] The data allows for an examination of deposit-levels in certain communities, and whether they might comprise five percent of a bank's total deposits. This serves as a type of proxy to assess whether these communities would be included in the deposit-only assessment.

In this analysis of 2019 data, HOPE found that low-income communities and communities of color would likely not benefit from the assessment areas based on the proposed deposit-only concentration because of the low-level of deposits in these regions:

- 71% of branches in persistent poverty counties had deposits totaling less than five percent of their bank's deposits.
- 88% of branches located in counties where the majority of residents are people of color had deposits totaling less than five percent of their bank's deposits.

3. Designated Areas of Need (Question 69)

Overall, HOPE is generally supportive of the Federal Reserve's proposal to allow banks to receive CRA credit for community development investments outside of their assessment areas, as long as the final rule is targeted enough to ensure these investments reach economically distressed communities and communities of color. The Designated Area of Need construct is a good step in the right direction, but to improve it, the following must be addressed:

1. The geographic areas should sufficiently defined to target the communities most in need of investment.
2. CRA credit for investments in Designated Areas of Need must be given enough weight and clarity in the banks' CRA evaluation to incent investments to them.
3. CRA-qualifying investments to Designated Areas of Need must address both people and place, to ensure the investments reach low-income people and people of color in these areas.

4. The type and amount of investment must be meaningful, with priority given to equity, secondary capital, and equity equivalents. Relatedly, equity must not be diluted or deprioritized in the CRA evaluation, and must be reported separately, even if combined into a single test.

As noted in the comment submitted by the Partners for Rural Transformation, the proposed list of designated areas of need in the Federal Reserve proposal are not tightly defined enough to ensure distressed communities benefit. For one, the "existing federal designations" for certain distressed areas maybe be both overly broad and under inclusive, particularly when matched with lending activity in those regions. Specific to HOPE's region, the distressed county designation by the Delta Regional Commission (DRC) alone may not be sufficient to reach people of color or low-income borrowers in those counties. For example, in Sunflower County, MS, home to Fannie Lou Hamer and Parchman Prison, the countywide income is $43,000. The average household income in white communities is $67,900, for communities of color, it is $33,000. Over 73% of the population in Sunflower County is Black.[3] Additionally, eight persistent poverty counties in Mississippi are in the bottom two quintiles of per capita small business and home lending, as measured by NCRC, yet are not captured by DRC's coverage area.[4] Five of these counties are counties where 50% or more of the population are people of color.

Another option offered by the proposal – designation of simply a persistent poverty county – without more attention to capital flows, may also be insufficient to draw investments to the most underserve communities. The New Market Tax Credit (NMTC) is an illustrative example. According to an analysis by Hope Policy Institute, between 2003 and 2017, only five percent of all NMTC-supported investments, industrywide, went to projects in rural, persistently poor areas. For HOPE, by contrast, nearly one-third (29%) of its NMTC supported investments went to projects in these persistently poor rural areas, all in the Deep South.[5]

For these reasons, HOPE is most supportive of NCRC's proposed approach of defining Designated Areas of Need as underserved areas based on low-levels of per capita home lending and small business lending. Based on HOPE's analysis of NCRC's data of underserved counties by quintiles, the two lowest quintiles of counties reach 76% persistent poverty counties, including communities of color in rural areas that tend to be most overlooked by other types of designations. It is likely that census tracts would be a better unit of analysis than counties for such a metric in order to reach pockets of low-income communities and/or communities of color in rural areas.

HOPE supports investments in Designated Areas of Need, both inside and outside of banks' assessment areas. Additionally, the Federal Reserve should provide increased incentives for investments in Designated Areas of Need that are also communities of color.

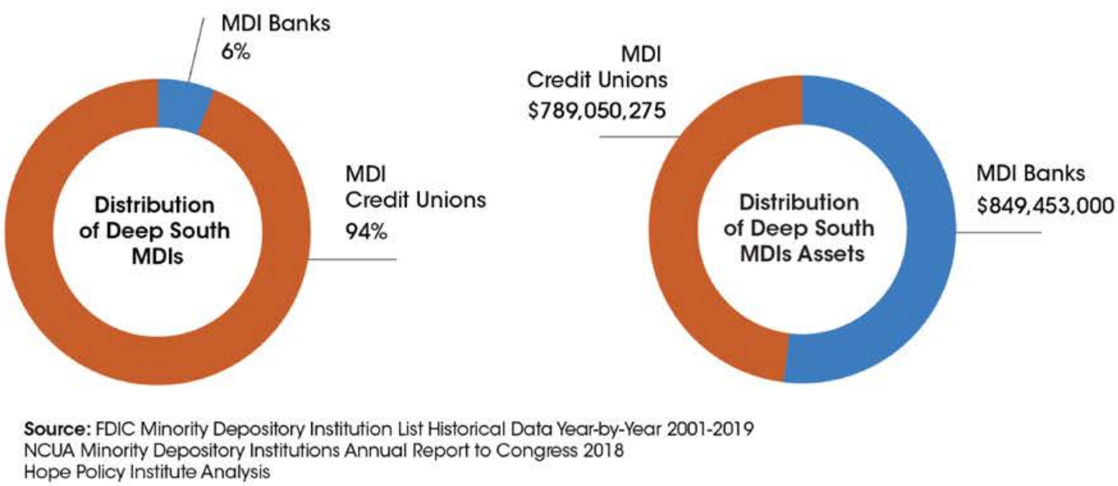
4. Increasing Investments in Minority Depository Institutions (Questions 88 and 89)

Role of MDIs in Deep South Economic Mobility

HOPE is pleased to see the Federal Reserve's proposal give particular attention to how the CRA could help increase investments into Minority Depository Institutions (MDIs), particularly given their key role in expanding economic mobility for communities of color in the Deep South. Nationally, MDIs have a well-documented track record of serving people and communities of color. For example, a 2019 FDIC study on MDI's impact concluded, "MDIs originate a greater share of mortgages than non-MDIs to borrowers in low- and moderate-income census tracts and in census tracts with larger shares of minority populations. The same is true for MDI origination of guaranteed Small Business Administration 7(a) loans."[6]

As highlighted in a recent HOPE analysis, MDIs are particularly critical for economic mobility in the Deep South, particularly Black borrowers and communities: "As of 2018, in the Deep South states of AL, AR, LA, MS and TN, there were 80 MDI banks and credit unions, the vast majority of which (75) were small credit unions. At the same time, while MDI credit unions far outnumbered MDI banks in the five state region, over half of the assets held by MDIs were held by five MDI banks."[7] See Figure 1. The CRA can play a critical role in helping further increase investments in both banks and credit unions in the region, to amplify their ability to serve communities of color in the Deep South.

Figure 1: Deep South Minority Depository Institution (MDI) Characteristics[8]



The support of bank-infused capital to MDIs will be critical in the aftermath and recovery from COVID-19 crisis, the health and economic consequences of which are disproportionately harming communities of color. Lessons from previous crises should inform this one. One of these lessons is that MDIs, as they are located in hardest hit communities, may also be at risk, and increased capital may ensure these vital institutions remain able to continue serving their communities. A look at the fall out of the 2008 Great Recession underscores the urgency of this situation. HOPE analysis found that, "[f]rom 2013 to 2018, the number of Deep South MDIs shrank from 121 institutions holding nearly $3 billion in assets to 80 institutions comprised of $1.6 billion. By number, 40 MDI credit unions, most of which were small as measured by asset size, and one bank were merged with other institutions or liquidated." See Table 1.

Table 1: The Number of Deep South MDIs Declined from 2013-2018[9]

Year	Number of Deep South MDI Banks and Credit Unions	Assets Held by Deep South MDI Bank and Credit Unions
2013	121	$2,985,262,857
2018	80	$1,638,503,275

In the midst of the COVID-19 pandemic, the importance of MDIs serving communities hardest hit by this crisis is clear. As just one example, HOPE's experience as an MDI and Black-led CDFI engaged in the Small Business Administration Paycheck Protection Program (PPP) underscores the importance of MDIs in service to businesses owned by people of color. On numerous occasions, Black-owned businesses approached mainstream financial institutions offering PPP loans only to learn that they would not be served:

- A Black dentist was not funded by a large bank, and the bank never called to check on the application. The dentist applied with HOPE, and we approved her $12,000 loan request.
- HOPE approved a woman-owned staffing company in Memphis, coming to us after having received no response from her regional banks.
- HOPE approved a $7,200 loan for a Black-owned, 27-year old barbershop in New Orleans after the owner received no help from the bank, one of the largest in the country and with major CRA obligations, he had asked to assist him.

These stories were a constant narrative during our PPP lending process, an extension of a banking system that has historically failed to serve communities of color and low-income communities with the same attention as others.

In a December 2020 survey of HOPE's PPP borrowers, **more than 1 in 3 borrowers (36%) decided to take a PPP loan with HOPE because they lacked another option or were declined by another bank**. Here are a few examples of what this experience was like in their own words:

- At one bank, "I got the run around and told me I had to reapply. They "blew me off."
- "Tried to go to our bank but it was unsuccessful because the bank we went to they were only serving rich people."
- "I'm a member [of a bank] and initially they weren't gonna do it and then my account management app said they gave me PPP then they changed their mind. Hope was the only community institution that really embraced PPP. I attempted but [the bank] is the 4th largest bank in the world so that didn't' fit their corporate mission."
- "We did as many as we could just to see if we qualified but no one touched base with us. I think we applied with six different ones, I'm in a PPP group and people would give out names of institutions where applications were available. We tried to get it through other avenues and other banks but they didn't give us the time of day. Hope was the only one to assist us with the matter. I didn't even know how to fill it out, they just had an online

> form and I uploaded the tax form and then we just winged it but Hope called after and fixed it. Hope was great if it wasn't for Hope we wouldn't have PPP."

As of September 15, 2020, HOPE funded 2,587 PPP loans totaling $81 million, supporting more than 10,200 jobs in the Deep South. The majority of HOPE's PPP borrowers are businesses owned or led by people of color and women, and the majority are located in communities of color. **The PPP served as a lifeline for many of HOPE's PPP borrowers with 50% saying they would have 'closed down' without assistance, and another 13% saying they would have had to layoff employees.** The severity of minority-owned businesses being unserved by the banking system cannot be overstated. One borrower predicted what might have happened if he had not received a PPP loan: "Probably would be put out of business, would not have been able to catch up with rent. I would probably be homeless as well."

Recommendations for Increasing Investments into MDIs

Investments into MDIs should be meaningful in both size and type. They must also be given sufficient consideration with the CRA evaluation to actually incent investments, and priority should be given to MDIs with a strong track record of low-income communities and communities of color.

Specifically, HOPE recommends the following:

1. <u>The 2% solution</u>: HOPE and other leaders have called corporations to make substantial investments in minority-led financial institutions and minority businesses in support of closing the racial wealth gap. Banks are included in this call to action as well. As HOPE stated in a recent piece published with the Aspen Institute, "The 2% Solution offers a guide for moving forward: Make substantial, sustained and targeted investments that equip Black communities to thrive." [10] Business leader Robert Smith, "argues that an investment equal to 2% of net income over the next decade would be a small step toward restoring equity and mobility in America." He estimates that, "the net income of the ten largest U.S. banks over the last ten years was $968 billion. He figured just 2% of that would amount to $19.4 billion, which could be used to fund the core Tier 1 capital of community development banks and minority depository institutions that primarily service Black communities."[11]

2. <u>Incentivize investments to MDIs with strong track records</u>: The evaluation for the weight of MDI investments towards their CRA rating should also take into account MDIs' track record for serving borrowers and communities of color. Even though MDIs as a whole outperform non-MDI banks in serving communities of color, the CRA can incentivize more investments flowing to MDIs with particularly strong records. The mechanism by which to do this would be for the CRA to incorporate the "minority lending institution," included in the Consolidated Appropriations Act of 2021. In addition to being an MDI, "minority lending institutions are ones where "a majority of both the number and dollar volume of arm's-length, on-balance sheet financial products…are directed at minorities or majority minority census tracts or equivalents."[12]

3. Additional recommendations:
    a. The Federal Reserve should incorporate MDI investments to be considered as part of the quantitative community development financing metric that contributes to a banks' presumptive rating. It is not enough for MDIs investments to simply be included in the qualitative assessment that would move a bank from satisfactory to outstanding.
    b. The CRA must prioritize capital investments such as equity and secondary capital.
    c. HOPE supports the Fed's proposals to allow MDIs to receive CRA credit for investing in other MDIs in communities of color, even if outside of their assessment area.
    d. HOPE supports the Fed's proposal to allow MDIs to receive CRA credit for "activities that demonstrate meaningful investment in the business," e.g. staff training, new staff, new branch in minority community.

5. Increasing Investments into CDFIs (Question 67)

HOPE is generally supportive of the Federal Reserve's proposal to allow CRA credit even if CDFIs' are located in a bank's assessment area. However, more must be done to ensure these investments reach communities of color and historically overlooked communities. Specifically, as recommended in detail in this section, the CRA should prioritize investments into CDFIs designated as "minority lending institutions," meaning those led by and with a demonstrated track-record of serving communities of color.

In this section, we demonstrate racial disparities in mortgage lending among CDFIs banks, racial disparities in capitalization among CDFIs, and racial disparities in bank capital held by CDFIs. If banks had invested in minority-led CDFIs to the same extent as white-led CDFIs, this would result in more than double – perhaps triple – the amount of bank-infused capital held by minority-led CDFIs.

Racial disparities in CDFI bank mortgage lending in Mississippi

While CDFIs are mandated to serve low-income communities, this alone has not been sufficient to ensure CDFI lending reaches into communities of color. Stark examples of this deficiency are evident in Mississippi, where so much of the state qualifies geographically as low-income, and nearly 40% of Mississippi's population is Black. However, an analysis of Home Mortgage Disclosure Data (HMDA) provides insight into how deeply CDFIs in Mississippi may or may not be lending to communities of color. Using 2019 HMDA mortgage lending data, HOPE found that for **10 CDFI banks in Mississippi, 71% of mortgage loans went to white borrowers while only 14% went to Black borrowers.** This is lower than the statewide 17% of mortgage originations in 2019 to Black borrowers. Each of these CDFI banks received either a satisfactory or outstanding on its most recent CRA exam. By contrast, Hope Credit Union made 82% of its mortgage loans to Black borrowers. As such, racial disparities along economic lines are also important context. In Mississippi, 55% of households statewide are liquid asset poor, but for Black households the rate is 72% and 42% for white households.[13] In terms of median household income, statewide it is $45,792, but for Black households it is $31,067 and for white households, it is $57,191.[14]

Racial disparities in CDFI capitalization

Despite minority-led and minority-serving CDFIs deeper reach into communities of color, they are historically undercapitalized compared to their white counter parts,. To understand the asset gap between white-led and minority-led CDFIs, HOPE analyzed data from CDFI Fund awardees between from 2003 to 2017.[15] In that analysis, HOPE found during that 15-year span, the median asset size of **white-owned CDFI Fund awardees has persistently been at least twice the median asset size of minority-owned CDFI Fund awardees**.at [16] In some years, it was three times as high.

Racial disparities in bank-infused capital

A look at disparities in bank-infused capital into CDFIs shows how the CRA could incentivize banks to help close this gap, and thereby increasing the amount of capital flowing to people, businesses, and communities of color. Examining the data from CDFI Fund awardees for FY 2017, [17] HOPE analyzed trends of capital held by CDFIs' that came from banks.[18] The analysis show that the banks know how to make investments into CDFIs, but yet the benefit of this capital is not evenly or equitably shared. In FY 2017, there were 315 CDFI Fund awardees. Even though minority-owned CDFIs accounted for 27% of these CDFIs, they held only 11% of the total $34 billion in bank-infused capital held. White-led CDFIs, accounted for 66% of CDFI Fund awardees, and held 89% of that bank-infused capital. See Table 2.

Table 2: Amount of Bank-Infused Capital Held by FY 2017 CDFI Fund Awardees, by Race

CDFI by Ownership Type	Number of CDFI Fund Awardees	% of CDFI Fund Awardees	Bank Capital Held	% of Total Bank Capital Held	Average
White	207	66%	$ 6,707,892,512	89%	$ 32,405,278
Minority	84	27%	$ 810,261,573	11%	$ 9,645,971
Unknown	24	8%	$ -	-	$ -
Total CDFI Fund Awardees	315	100%	$ 7,518,154,085	100%	$ 23,867,156

If the bank investment in minority CDFIs had simply been proportionate to their representation – meaning minority CDFIs held roughly 27% of bank-infused capital held by CDFIs – this would mean over $2 billion in bank investments held by these minority CDFIs. Furthermore, white CDFI Fund awardees held, on average, $32 million of bank-infused capital, compared to an average of $9.6 million for minority CDFIs. **Increasing minority CDFI Fund awardees to the same level of bank-infused capital investments as white CDFIs would yield $2.7 billion in capital, a more than a three-fold increase in bank-infused capitalization.**

These data from 2017 are more than a mere snapshot in time. Rather, the data reflect, in part, an accumulation of bank capital over time. For CDFIs, capital begets capital - having equity enhances a CDFI's ability to attract additional capital. Additionally, CDFIs typically keep bank capital on their books for several years. Consequently, CDFIs who enjoyed longer and greater access to bank capital have leveraged this advantage over time, substantially growing their balance sheets in the process.

A glimpse of this trend is evident in this data, both in the aggregate and in an anecdotal example. In FY 2003, the earliest year of data available, 207 white CDFI Fund awardees held over $1 billion of bank-infused capital, while 73 minority CDFI Fund awardees held just about $67 million in bank-infused capital. By 2017, these numbers were over $6 billion and $810 million, respectively. In an anecdotal example, one white CDFI fund awardee reported to the CDFI Fund every year from 2003 to 2017, each year showing the amount of bank-infused capital on its books at time of reporting. In 2003, this amount was $750,000, and by 2017, it was $35 million.

CRA is credited with fueling growth in the CDFI industry after 1995 changes to incentivize CRA investments in CDFIs.[19] Bank investments motivated by a race-neutral CRA created the foundation of disparities present today. CRA played a role in the origins of these disparities, and can and should play a role in addressing them.

Increasing investments in minority CDFIs can close this gap

Given these persistent disparities in the CDFI asset gaps, disparities in bank-infused capital into CDFIs, and the track record of minority-led CDFI in serving communities of color, it is imperative the Federal Reserve should incorporate and incentivize investments into CDFIs that are "minority lending institutions," as defined by the Consolidated Appropriations Act of 2021.

> A "minority lending institution" is a CDFI where a majority of both the number and dollar volume of arm's-length, on-balance sheet financial products of the CDFI are directed at minorities or majority minority census tracts or equivalents; and is (1) an MDI as defined by FDIC or NCUA or (2) meets other standards of accountability to minority populations as determined by the Fund.[20]

Similar to the recommendations for MDIs, investments into CDFIs must be meaningful and ensure they reach historically overlooked communities. The types of investments that must be prioritized: equity, secondary capital, and equity equivalents.

HOPE also echoes the recommendations made by Partners for Rural Transformation that the CRA should incentivize investments into CDFIs that demonstrate a strong track-record of serving people and communities in designated areas of need. The Federal Reserve should base the determination on CDFIs' track-record of lending in these areas and to the people who live there, rather than on whether the CDFI is located there.

6. Provisions Related to Rural Areas

While appreciative of the Fed's attention to rural communities, the proposal uses the rural designation in many instances to provide unnecessary exemptions for smaller banks most often found in these areas. These carve-outs will make it harder to close existing gaps, particularly for communities of color in rural areas.

Do not expand small bank exemption beyond current asset size limit (Question 13)

Given that small banks are exempt from the community development services test and rural communities and places like the Deep South have a dearth of national banks, this increased threshold and the exemptions that flow from it will significantly reduce small banks' obligations to serve the very areas in which they are located.

To understand the potential impact of this provision on our five-state footprint, HOPE analyzed the asset sizes of banks headquartered in Alabama, Arkansas, Louisiana, Mississippi, and Tennessee. See Table 3. The current threshold defining small banks as less than $330 million in assets already reaches more than half (57%) of banks headquartered in HOPE's five state footprint. Our analysis shows that 80% of banks headquartered in the region would be considered small banks if defined by a threshold of $750 million in asset size, and 86% would be exempt if threshold set at $1 billion.

Table 3: Banks Headquartered in the Deep South, by Asset Size Group[21]

	Number of Banks Headquartered	% of Banks < $330M Assets	% of Banks < $750M Assets	% of Banks < $1B Assets
Alabama	107	67%	83%	91%
Arkansas	86	59%	79%	84%
Louisiana	112	57%	84%	88%
Mississippi	69	51%	80%	83%
Tennessee	132	48%	76%	83%
Total	**506**	**57%**	**80%**	**86%**

Other recommendations to strengthen the proposal for rural communities of color

Beyond the preservation of the small bank asset size and not further expanding the exemptions that flow from it, HOPE makes the following recommendations to strengthen the proposals' ability to serve rural communities of color:

- Community development services test (Question 50): Banks should only receive credit for volunteer activities directly related to the provision of financial services or that have a community development purpose. Community development services should be related to financial services or the regulatory definition of community development. Banks, particularly small banks in rural areas, should not be allowed to count general volunteering in place of meaningful lending activities or even volunteer activities related to the provision of financial services. It is critical that CRA activities have a nexus with the provision of financial services, given the CRA's history of rectifying banks' denial of lending in communities in which they are taking deposits. Bank employees' volunteer time for a park clean-up day, while welcome, does not build wealth in the same way that providing access to mortgage loans and small business loans would do. There are many motivations for banks to engage in the former, but the CRA is the only unique tool intended to leverage the latter.

- Assessment area carve-outs (Question 5): HOPE opposes the permission of small banks to carve out from their assessment areas parts of a county in which they are located, even if there is de minimus lending and/or competition. For places like the Deep South, what it may often mean is that a bank located in a town/city area of a rural county may carve out communities of color in the county outskirts.

- Community development subtest (Questions 12 and 48-50): HOPE opposes allowing small banks to opt-in to the community development subtest to supplement its retail lending test, particularly in light of the weakened definition it is considering for community development services. Combined these with other proposed changes, a bank in a rural area that is not doing well in lending in rural areas, may be able to make up for it by serving on the board of the local chamber of commerce.

The sum total of the various parts of the proposal's provisions related to small banks and rural areas is a reduction in accountability to the very communities in which they are located. Rural communities, particularly, in the Deep South are diverse, yet bank lending practices do not always match this landscape. Against the backdrop of historic extraction of resources and lack of investment, leaders in rural communities demonstrate their capability to do more with less, to create and innovate to meet the needs of their communities when other policies and practices do not. Rural communities, particularly communities of color, just like other communities need the resources to carry out their vision for their communities. The CRA can do this by moving to strengthen, not weaken or exempt, banks' meaningful investments in rural communities of color and others experiencing persistent poverty.

7. Increasing investments into Minority-Owned Businesses (Question 57)

HOPE appreciates the Board's recognition of and attention to the need for increased investments in minority-owned businesses. However, more is needed to ensure these are meaningfully incorporated into the evaluation process. Towards this end, HOPE makes the following recommendations:

- Lending to minority-owned businesses should be a threshold consideration in the quantitative metric for the retail lending test (Question 2). A bank should not even receive a presumption of satisfaction if it does not even engage in a minimum amount of lending to minority-owned businesses proportional to the number of minority-owned businesses in its assessment area. The Federal Reserve should work with the Consumer Financial Protection Bureau in streamlining and coordinating data sharing under Section 1071 regarding banks' small business lending by race.

- Maintain the current thresholds for small business loan or revenue (Question 37). Data does not support increasing the threshold from up $1 million, even to adjust for inflation.[22] Any increase in this threshold risks diluting the investments in minority-owned businesses, which are most often well below these thresholds. Both the Expanding Black Business Credit Initiative (EBBC) and African American Alliance of CDFI CEOs (the Alliance) both urged the OCC and FDIC to similarly reject any increase in the $1 million threshold.

As the Alliance noted, "More large-dollar loans will likely mean fewer resources available for the smaller loans that are most needed by small businesses in our communities."[23] EBBC highlighted how increasing the threshold may "lead bank CRA investments to bypass the types of small loans to small business that could best fuel the growth of Black entrepreneurs." EBBC called attention vast racial disparities in revenue and loan sizes: "In terms of revenue (as measured by annual receipts) white owned business, have over $640,000 in annual receipts, dwarfing that of businesses of color ($160,000) and Black-owned businesses ($73,000)… .The median loan amounts to Black businesses ($25,000) is less than half of the median loan amount extended to whites ($58,000)."[24] These disparities persist throughout the Deep South. See Table 4.

Table 4: Business Revenue by Owner Race/Ethnicity in the Deep South[25]

	White	Black	Latino
Alabama	$598,063	$45,458	$254,716
Arkansas	$590,597	$40,697	$314,479
Louisiana	$800,065	$34,648	$280,816
Mississippi	$605,388	$35,169	$161,796
Tennessee	$525,493	$47,178	$252,958
United States	$641,742	$73,226	$155,806

HOPE's own lending experience confirms that supporting small business owners in the Deep South generally requires loans significantly lower than $1 million, and a significant number of our borrowers had revenues less than $1 million. Between 2017 and 2019, 88% of HOPE's business loans (excluding NMTC project loans) were under $1 million. Even including NMTC project loans, 72% were under $1 million. In 2019, 78 (68%) out of 114 HOPE business borrowers had gross revenues less than $1 million. Finally, HOPE launched a new small business product in March 2020. Based on HOPE's analysis of the demands and needs in our region, this product will have a maximum loan size of $250,000. As of the end of 2020, HOPE made over $630,000 in small business loans through this program, with an average loan size of $35,040. Seventy-six percent (76%) of the loan volume went to Black-owned businesses.

- <u>Increasing investments in the MDIs and minority-serving CDFIs, as described in the earlier sections, is also critical to increasing the flow of capital to minority-owned businesses</u>. As further emphasized by the Expanding Black Business Credit Initiative: "CDFIs, particularly Black-led CDFIs, are well-positioned to serve as critical link to close the credit gap for Black businesses. Black-led CDFIs, as Black small businesses themselves, are particularly adept navigating these challenges, and have deep knowledge about what it takes to lend to Black businesses… Bank investments into CDFIs focused on lending to Black borrowers is a significant source of capital to scale up the activities, and CRA credit ought to be a significant motivator for doing so."[26] In 2018, EBBC members originated $34 million in loans to Black-owned businesses. EBBC organizations' loans have an average charge-off rate of 1.0%, lower than the 1.47% for their peer group average. Likewise, the Alliance notes, "The CRA has been a critical tool of bank investment of all types, including capital investments in African American-led

CDFIs that deploy these investments in the communities we serve." Alliance members, span all 50 states and represent CDFIs that have deployed more than $1.5 billion in loan capital in our communities.

- Increase investments to the smallest businesses: HOPE supports the Board's proposal to remove the job creation/retention prong of the economic development subtest for investment into the smallest businesses outside of a banks assessment area. Smallest businesses should be defined as sole proprietors, those with 10 or fewer employees (including sole proprietors), or less than $100,000 in annual gross revenue. Defining small businesses in this way is necessary to ensure investments reach minority-owned businesses. Nationally, 95% of Black-owned businesses and 91% of Latino-owned businesses are non-employer businesses.[27] A definition of smallest businesses that is too large may dilute the benefit of this framework. This could also include investments into microlenders, which are CDFIs specializing in reaching these communities.

8. Recommendations regarding the Retail Test (Questions 14, 19, 24)

1. A bank should not be able to even reach a presumption of satisfactory without demonstrated accountability of lending to people and communities of color in its assessment areas. This is a necessary addition to significantly improve access to small business and mortgage lending for communities of color. A primary reason why this is necessary, is because for places like the Deep South, neither geography nor income are always sufficient proxies for race. And, data show that even with CRA requirements in place, significantly racial disparities in mortgage lending still persist. See Table 5.

Table 5: Deep South HMDA Mortgage Originations by State, Race, Ethnicity 2019[28]

	Black		White		Hispanic/Latino		Not Available
	Loan Originations	Population	Loan Originations	Population	Loan Originations	Population	Loan Originations
Alabama	12%	27%	75%	69%	2%	5%	10%
Arkansas	6%	16%	77%	79%	5%	8%	13%
Louisiana	14%	33%	69%	63%	3%	5%	13%
Mississippi	17%	38%	69%	59%	2%	3%	11%
Tennessee	7%	17%	78%	78%	3%	6%	12%

2. The Retail Services Test is critical to ensure branches for depository institutions are present in low-income communities and communities of color. HOPE appreciates the attention of retail services in the proposal, and suggests it could be improved by also adding an evaluation of branch location distribution in communities of color. However, a bank should not be able to rely solely on retail services to move its ranking from satisfactory or outstanding if it is failing to sufficiently meet its obligations in the Retail Lending Test.

Of particular note in the Federal Reserve report on the importance of bank branches in rural communities [29] is the finding that "rural counties deeply affected by branch closures had higher poverty rates, lower median incomes, a higher share of their population with less than a high school degree, *and a higher share of their population who were African American relative to all rural counties (emphasis added).*"[30]

The study also notes that online lending is not an adequate substitute for a branch's presence in a local community, stating that "…branches continue to be an important banking channel for consumers, especially for deposit and withdrawal transactions and for resolving problems."[31] HOPE's experiences during the COVID-19 pandemic echoes this finding. To comply with public health safety measures, HOPE like many other financial institutions, had to close its branch lobbies (though drive windows remained open). In September 2020, HOPE surveyed its members about various impacts of COVID-19. The results of the survey show that the reduced access to branch services affirms the importance of them: 46% said that had less access to financial services, 42% said about the same, and only 11% said more access.

Additionally, as part of its survey of PPP borrowers, HOPE asked about experiences with online lenders. We found that 18% of people who applied at HOPE also applied with an online lender, and the significant majority of which said the experience was better with HOPE. In the words of one borrower, "Hope was easier because I was actually speaking with someone in person and [the other] was online and I actually didn't get to speak with somebody."

Bank branches are a critically important asset in the Deep South, where already much of the region is already in a banking desert and includes areas with the highest percentage of persons who are unbanked in the United States. Mississippi (15.8%) and Louisiana (14.8%) have the highest percentage of unbanked residents among all states. As shown in Table 6, the rate of unbanked Black households is even higher at 27.9% in Mississippi and 28.3% in Louisiana. Data for unbanked Latino households is not available for these five Deep South states, but HOPE is aware of and working to address these needs in our region through its Crece con HOPE initiative.[32]

Table 6: Deep South Unbanked Households Deep South by State and Race[33]

	% Unbanked Total	**% Unbanked Black**
Alabama	8.7%	18.8%
Arkansas	7.5%	No Data
Louisiana	14.8%	28.3%
Mississippi	15.8%	27.9%
Tennessee	7.5%	No Data
United States	6.4%	16.9%

Due to a partnership with Regions bank, incentivized by the CRA Retail Services Test, HOPE is now the only depository institution in three small towns in the Mississippi Delta, such as Shaw, MS. Through this experience, HOPE heard first-hand about the how bank closures effect a community and the importance of having physical branch presence:

> *R. L. Barrett remembers when Shaw, Mississippi, was a bustling center of activity, its streets lined with grocery stores, clothing shops, a movie theater, and blues clubs showcasing the Delta's original music....When the doors of the town's only bank closed, Shaw residents had no place where they could save for the future, cash a check or even get change. It appeared the final blow had fallen upon the once vibrant, now fast-fading community. Then, Hope Credit Union opened in Shaw.*
>
> *"Hope Credit Union saved us," Barrett says. "It's really helped the town better than anything we have had here in the last 10 or 15 years..."*

3. Evaluation of consumer loans (Question 36): Generally, consumer loans do not provide as meaningful opportunities for wealth building as mortgage and small business loans so, and, when made on predatory terms, further extract wealth. To the extent consumer loans are included for consideration of CRA credit, HOPE agrees with the Center for Responsible Lending (CRL), that the final rule should "make clear that only safe, sound and sustainable consumer lending, made at reasonable rates and based on a borrower's ability to repay, may be considered as a CRA qualifying activity. CRA guidelines should make clear that no discriminatory, abusive or predatory loan will qualify for CRA consideration."[34]

For small dollar loans, as CRL, notes, "small dollar loans qualifying for CRA credit must include protections against loan flipping, a practice which creates a cycle of repeat loans – a debt trap. And excessively high fees, including high APR loans, should not qualify for CRA credit. Loans that exceed a 36% APR should not qualify for CRA eligible activities. A 36% rate threshold for small-dollar loans is a long-standing principle found in the laws of many states, the federal Military Lending Act, and guidance from federal regulators, and it is widely supported by civil rights groups, faith-based organizations, and consumer protection organizations as a standard for responsible loans. On larger consumer loans, rates should be much lower than 36%." These standards should also apply to banks making small dollar loans through rent-a-bank arrangements, and in this instance, compliances with state law must be a threshold factor. HOPE is all too familiar with the damage and wealth stripping effects of high-cost predatory loans in our region through these rent-a-bank arrangements.[35]

9. Strengthen and Prioritize Fair Lending Evaluation in CRA Exams (Question 87)

The CRA should be further strengthened to address discriminatory lending practices by banks. . HOPE urges that fair lending exams as part of any CRA evaluation. Furthermore, fair lending examinations should be more robust than current reviews and include a quantitative analysis of lending to people and communities of color. Any evidence of illegal and abusive lending must be penalized via lower ratings. The review of fair lending examinations should be across a bank's portfolio, including retail and community development lending, as well include access to services as well as lending. HOPE also supports the Board's proposal that violations of the Military Lending Act, the Service Members Civil Relief Act and UDAAP be added as considerations when the Board is conducting fair lending reviews and weighing the results of those reviews when determining CRA ratings.

Strengthening fair lending is a critical concern for our region of the country. Mississippi is one of a only a few states in the country that does not have any state-level fair housing or fair lending enforcement. Further, in Mississippi, between 2008 and 2017, 18% – nearly one in five – Black Mississippians earning over $150,000 who applied for a mortgage loan, were denied, in contrast to only seven percent of white Mississippians who applied for a mortgage at the same level of income. The disparities were even worse at lower levels of income, where 43% of Black Mississippians earning less than $30,000 a year were denied, compared with 28% of whites in this same income group. Finally, the 18% denial rate for Black residents earning over $150,000 is higher than the denial rate of whites earning between $30,000 and $50,000 – which stands at 15% over the 10-year period.[36] By 2019, the trends are still troubling: More than one-third of Black applicants earning over $150,000 were denied, compared to 12% of white applicants. See Table 7.

Table 7: 2019 Mortgage Loan Denials in Mississippi, by Race and Income[37]

	$30,000 or below	**$31,000-$50,000**	**$51,000-$75,000**	**$76,000-$100,000**	**$101,000-$150,000**	**Above $150,000**
Black	67%	46%	39%	33%	32%	34%
White	48%	28%	21%	17%	14%	12%

10. Incorporating Race into CRA Evaluation (Question 2)

Throughout the above comments, HOPE has included specific recommendations that incorporate race in the CRA framework, and underscored the importance of doing so. The inclusion of race in the CRA evaluation should not be relegated to "extra credit" or optional as the current proposal is largely. This section compiles these recommendations into a summarized list:

1. Lending to people and communities of color should be included in the quantitative evaluation for both the retail and community development financing subtests. A bank should not be able to even reach a presumption of satisfactory without demonstrated accountability of lending to people and communities of color in its assessment areas.

2. For the retail services subtest, measuring banks' location of bank branches could incorporate assessment of branches located in communities of color just as it does low-income areas.

3. Investments in minority communities, the people that live there, and the financial institutions that serve them must be meaningful and transformative, in amount and type.

4. For investments in MDIs and CDFIs, provide an increased incentive for those meeting the definition of a minority lending institution as defined in Consolidated Appropriations Act of 2021.

5. For investments in designated areas of need, defined as those with low levels of home lending and small business lending, provide increased incentive for investments in designated areas of need that are also majority people of color and ensure metrics incorporate serving people of color within those areas.

6. For increasing capital into minority-owned businesses, lending to businesses of color must be included in the quantitative retail lending financing subtest. Increasing investments to MDIs and CDFIs is also connected to this goal.

7. Remove the job creation/retention test for the smallest businesses (those with less than $100,000 in gross revenue or those with 10 or fewer employees) located outside of banks assessment area.

8. Strengthen fair housing enforcement and penalties for discriminatory lending activity.

9. Consider the impact of environmental racism on and provide additional consideration for activities that support communities of color at risk of severe impacts of climate change, and factors contributing to it. Hurricane Katrina, the BP Oil Spill, recurring tornadoes in Alabama's Black Belt and Mississippi Delta, and Louisiana's Cancer Alley, are just a few examples of the importance of this provision in our region.

Conclusion

The Deep South is home to more than 126 counties which have been locked in persistent poverty for more than half a century, due to a wide range of extractive, exploitative, and exclusionary policies. Over 40% of these persistent poverty counties have a population where the majority of people are people of color. The CRA, while imperfect, has been an important tool for catalyzing investment in these communities, often existing beyond the reach of traditional bank business models. Lenders and communities alike will benefit from the resulting economic activity from a fairer, more robust marketplace. The CRA can be a helpful tool in guiding banks' actions to ensure they repair, rather than repeat, centuries of racial and economic inequality.

Thank you for the opportunity to provide feedback on the proposal.

Sincerely,

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Policy Analyst

[1] McKinsey and Company, "The economic impact of closing the racial wealth gap," Aug. 13, 2019, https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap

[2] Sara Miller, Hope Policy Institute analysis of data from FDIC Summary of Deposits/Branch Office Deposits https://www7.fdic.gov/sod/dynaDownload.asp?barItem=6 calculating the percent of institutional deposits represented by each bank branch located in Persistent Poverty Counties (data from the CDFI fund) and counties with a majority of people of color (calculated using data from the U.S. Census).

[3] Urban Institute Debt in America Interactive Map, https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_debt_collections&state=28&county=28133

[4] Delta Regional Authority defines distressed as having "An unemployment rate of one percent higher (5.2 percent) than the national average (4.2 percent) for the most recent 24-month period; and having a per capita income of 80 percent or less of the national per capita income." https://dra.gov/funding-programs-states-economic-development/states-economic-development-assistance-program/distressed-counties-and-parishes/

[5] Sara Miller, Hope Policy Institute, Analysis of data from the CDFI Fund FY 2019 NMTC Public Data Release: 2003-2017 Data File accessed December 18, 2019 https://www.cdfifund.gov/Documents/2019%20NMTC%20Public%20Data%20Release_FY_17.xlsx

[6] FDIC, "Minority Depository Institutions: Structure, Performance, and Social Impact," 2019, https://www.fdic.gov/news/press-releases/2019/pr19054.html

[7] Ed Sivak, "Minority Depository Institutions in the Deep South," July 15, 2020, Hope Policy Institute, http://hopepolicy.org/blog/minority-depository-institutions-in-the-deep-south/

[8] Id., analyzing FDIC Minority Depository Institution List, Historical Data 2001-2019, and NCUA Minority Depository Institutions Annual Report to Congress, 2018.

[9] Id., analyzing FDIC Minority Depository Institution List, Historical Data 2001-2019, and NCUA Minority Depository Institutions Annual Report to Congress, 2018

[10] Bill Bynum, "The 2-cent Solution: A Call for U.S. Companies to Invest in Black Communities," published in The Aspen Institute's Next Move blog series, Jan. 29, 2021, https://www.aspeninstitute.org/blog-posts/the-next-move-how-business-can-close-racial-economic-gaps-in-2021/

[11] Jeff Kauflin and Janet Noval, "Five Big Ideas to Close the Racial Wealth Gap," June 25, 2020, https://www.forbes.com/sites/jeffkauflin/2020/06/25/five-big-ideas-to-narrow-the-racial-wealth-gap/

[12] Sec. 523(c)(4) of the Consolidated Appropriations Act of 2021. Even though the definition in the Act is specific to CDFIs for the purposes of allocating CDFI Fund awards, it can additionally apply to MDIs in the CRA context.

[13] Prosperity Now, Scorecard: Liquid Asset Poverty, by Race, https://scorecard.prosperitynow.org/data-by-issue#finance/outcome/liquid-asset-poverty-rate

[14] U.S. Census Data Median Household Income In the Past 12 Months (In 2019 Inflation adjusted dollars) Tables B19013, B19013A, and B19013B accessed at data.census.gov.

[15] Kiyadh Burt, Hope Policy Institute, "Analyzing the CDFI Asset Gap: Analyzing the CDFI Asset Gap: Examining Racial Disparities in CDFI Fund Awardees from 2003 to 2017," Nov. 5, 2020, http://hopepolicy.org/manage/wp-content/uploads/CDFI-Fund-Time-Series-Analysis-brief-edited.pdf

[16] Id at 2., for definition of "white-owned" or "minority-owned" as defined by the CDFI Fund ("Minority-ownership is determined by a CDFI's self-reporting to the CDFI Fund on its ILR. The ILR instructs reporting CDFIs to, 'select whether the Organization was minority owned or controlled at the reporting period end OR select Don't Know. A non-profit is considered to be minority owned or controlled if more than 50 percent of its Board members are minorities, or the Chief Executive Officer, Executive Director, General Partner, or Managing Member is a minority.' For-profit institutions define minority-ownership and control according to their own definition.")

[17] Id. at 2, for an explanation of this data source. ("The CDFI Fund collects this data in two databases, institutional level reports and transactional level reports. Institutional level reports collect data on the organization, financial position, financing, and minority ownership dating back to 2003. The transactional level reports collect data on the lending activities of each organization for the most recent fiscal year. This analysis uses the institutional level report (ILR) to explore the number of CDFI Program awardees, minority-ownership, assets held, and capital held from the CDFI Fund from 2003 to 2017, the most recent year for which data has been published. This dataset includes awardees that received a financial award, technical assistance, or received assistance through the Native American CDFI Assistance Program (NACA). Data is available on the CDFI Fund website.")

[18] Capital held, as required to be reported to the CDFI Fund for CDFI Fund awardees, represents the amount of investment capital received from the CDFI Fund at reporting end. Investment capital includes idle capital that is available to lend and invest, deployed capital, and capital only reflected on the organization's balance sheet. CDFIs are required to designate the capital investments by source, and in this analysis, we use "cap_Bank" designation, which is capital "received by banks or other regulated financial institution." Community Development

Financial Institutions Fund. "CDFI Institution Level Report Instructions CIIS 15.0". Pgs.9-11. https://www.cdfifund.gov/Documents/FY%202017%20Data,%20Documentation,%20Instructions.zip

[19] Opportunity Finance Network, "CDFI Futures: An Industry at a Crossroads.", March 2016, https://ofn.org/sites/default/files/resources/PDFs/Publications/NowakPaper_FINAL.pdf (The investor support from depositories is driven by CRA. While bank investments are private, they are shaped by a public mandate. For two decades, CRA-motivated capital has been a near perfect systems match between a rapidly consolidating banking industry and the emergence of a CDFI industry interested in markets that overlap with banks' trade areas, but within which banks are less likely to make certain types of loans.")

[20] Sec. 523(c)(4) of the Consolidated Appropriations Act of 2021

[21] Hope Policy Institute analysis of data from the Federal Deposit Insurance Corporation Institution Directory accessed at https://www7.fdic.gov/idasp/advSearchLanding.asp

[22] See e.g., "Small Business Credit Survey: 2021 Report on Employer Firms", Federal Reserve Banks, https://www.fedsmallbusiness.org/survey/2021/report-on-employer-firms (found that 90 percent of business owners seeking capital sought financing of less than $1 million, with 48 percent seeking less than $100,000 in financing.)

[23] African American Alliance of CDFI CEOs, Comments to the OCC Regarding Community Reinvestment Act Regulations, Docket ID OCC-2018-0008, March 31, 2020. Available at https://aaacdfi.org/policy-and-research

[24] Expanding Black Business Capital Initiative, Comments to the OCC Regarding Community Reinvestment Act Regulations, Docket ID OCC-2018-0008, March 11, 2020

[25] Prosperity Now, Scorecard: Business Value by Race, data from the *2012 Survey of Business Owners.*: U.S. Department of Commerce, Census Bureau, 2015 https://scorecard.prosperitynow.org/data-by-issue#jobs/outcome/business-value-by-race

[26] Expanding Black Business Capital Initiative, Comments to the OCC Regarding Community Reinvestment Act Regulations, Docket ID OCC-2018-0008, March 11, 2020

[27] Michael McManus, US Small Business Administration, "Minority Business Ownership: Data from the 2012 Survey of Business Owners." September 14, 2016. https://cdn.advocacy.sba.gov/wp-content/uploads/2016/09/07141514/Minority-OwnedBusinesses-in-the-US.pdf.

[28] Hope Policy Institute analysis of 2019 Home Mortgage Disclosure Act Data accessed at https://ffiec.cfpb.gov/data-browser/

[29] Board of Governors of the Federal Reserve System, "Perspectives from Main Street: Bank Branch Access in Rural Communities," November 2019 https://www.federalreserve.gov/publications/files/bank-branch-access-in-rural-communities.pdf

[30] Id. at 4.

[31] Id. at 1.

[32] Emerson Collective, Justice and Unity Series, "The Unbearable Cost of Being Unbanked," https://justiceandunity.emersoncollective.com/the-unbearable-cost-of-being-unbanked

[33] Prosperity Now Scorecard analysis of the 2017 FDIC National Survey of Unbanked and Underbanked Households. Federal Deposit Insurance Corporation, 2018.

[34] Center for Responsible Lending and Center for Community Self-Help, Comments to the Office of the Comptroller of the Currency, Community Reinvestment Act Regulations, Apr. 8, 2020, https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-selfhelp-cra-comment-8apr2020.pdf

[35] Bill Bynum and Calandra Davis, HOPE, Comments to the Office of the Comptroller of the Currency, National Banks and Federal Savings Associations as Lenders, Sept. 2, 2020, http://hopepolicy.org/blog/hope-submits-comments-opposing-occ-true-lender/ (noting "there is at least one high-cost lender in every state in the Deep South region making these loans via the bank partnership arrangement…. Over the course of just the past three months, 67 HOPE members had at least one loan from either Elastic, Rise, OppLoans, EasyPay Personify, or NetCredit via the rent-a-bank arrangement. This is a concerning number. People stuck in the rent-a-bank loans are people on fixed incomes receiving social security or disability benefits, veterans, students, teachers, and workers at hospitals, fast food places, and even payday loan shops.").

[36] HOPE's Comment to HUD, Implementation of the Fair Housing Act's Disparate Impact Standard Docked ID: 2019-17542, October 18, 2019

[37] Hope Policy Institute analysis of Home Mortgage Disclosure Act 2019 denial and origination data accessed at https://ffiec.cfpb.gov/data-browser/data/2019?category=states