

From: California Coalition for Rural Housing, Dewey Bandy  
Subject: CRA Regulations Hearings

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Comments:

August 31, 2010

Jennifer J Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, D.C. 20551

RE: Docket ID OCC-2010-0011, R-1386, RIN 3064-AD60

Dear Ms. Johnson:

The following are the comments of the California Coalition for Rural Housing on the agencies' hearings to review aspects of Community Reinvestment Act (CRA) regulations and how the agencies should revise them to better serve the goals of CRA and the needs of under-served communities. As a statewide coalition of nonprofit housing developers, community groups, Native American housing organizations and tribes, small rural cities and public housing authorities the California Coalition for Rural Housing believes these revisions are particularly important because of the current lack of bank response to the needs of low-income communities - especially rural, farmworker and Native American.

The Community Reinvestment Act has promoted fair and equitable access to financial services for more than three decades. CRA has meant sound products were offered to under-served communities and people as a result of interaction promoted by the CRA.

The regulatory agencies need to look carefully at the following key issues in concert with the CRA Hearings:

**Geographic Coverage:** CRA activity should include geographies where a bank, particularly a bank with one or few branches, does significant lending, investment and deposit that are outside branch locations. Banks should be held responsible for CRA activity in non-metropolitan and rural areas and both federally and state recognized Indian Tribes - not just major metropolitan areas.

**CRA Performance:** Bank products should fit the needs of low- and moderate income working people - not just the middle class. Bank activity should be proportional to the population in low-income neighborhoods, tribal reservations and neighborhoods of color relative to other communities. Because of the unique historical, legal and social situation of both federally and state recognized Indian Tribes, it is especially important that products Bank products be accessible to this underserved and often overlooked population.

**Affiliate Activities:** All components of the financial corporation should be examined by the regulatory agencies for their CRA and banking activity. In the past, predatory practices have taken place in affiliates not examined by federal regulators.

**Small Business Data:** Data should also be collected separately on smaller businesses earning \$500,000 in annual revenue. Data should also be collected separately on lending to minority-owned, tribal and women-owned businesses including to the business districts where such businesses predominate.

Community Development: Banks should not get credit for loans for development of multifamily housing unless the housing is deed restricted to low and very low income tenants.

Native American: Banks activity in relation to both federally and state recognized Indian Tribes located within the geographic area of evaluation should be especially examined.

The California Coalition for Rural Housing looks forward to the implementation of these revisions to the regulations this year.

Sincerely

Dewey Bandy

Dewey Bandy  
Deputy Director

cc. The National Community Reinvestment Coalition

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Endnotes

Sources for the research cited in this letter can be found in the testimony submitted by the National Community Reinvestment Coalition.

Dewey Bandy  
California Coalition for Rural Housing