

November 6, 2014

Office of the Comptroller of the Currency: Docket ID OCC-2014-0021

Federal Reserve Board: Docket OP-1497

Federal Deposit Insurance Corporation: Attention: Robert E. Feldman, Executive Secretary,
CRA comments

RE: Proposed Changes to the Interagency Q&A Regarding Community Reinvestment

To Whom It May Concern:

I am a member is a member of the Board of Directors of the National Community Reinvestment Coalition and I am writing to respond to the request for comments on the proposed changes to the “Interagency Questions and Answers Regarding Community Reinvestment.” We commend the regulatory agencies’ proposals to reward small dollar lending and the use of alternative credit histories with Community Reinvestment Act (CRA) credit. However, we urge the agencies to reconsider the suggestions regarding alternative service delivery methods. Access to banking services for low- and moderate-income (LMI) communities is a key component of CRA, and financial institutions must meet a high bar to prove that alternative service delivery methods are meeting the needs of LMI individuals. Until it is clear that alternative service delivery methods fully meet the needs of low- and moderate-income individuals and communities, bank branches should continue to receive greater weight on the service test of CRA examinations.

As the Housing Chair for the North Carolina NAACP and a member of the Board of Reinvestment Partners, I know the value of CRA to low-to-moderate income neighborhoods regardless of race and to communities of color regardless of income. We commend the regulatory agencies on some of the proposed updates and changes to the Q&A. Specifically, we are pleased with the recommended updates to the question addressing innovative and flexible lending practices.

- 1) We are encouraged by the Agencies’ inclusion of using alternative credit histories as a practice that warrants CRA credit. Many existing underwriting practices effectively exclude a large number of creditworthy LMI borrowers. Financial institutions would have a greater incentive to integrate alternative credit histories into their business with the added clarity that the practice is eligible for CRA credit.
- 2) Small dollar loan programs offer a promising alternative to higher-cost loans offered by institutions like payday lenders. And with the financial literacy and savings components, these loan programs offer real opportunities to help build sustainable wealth and financial knowledge. It must be clear to examiners, however, that these small dollar loan programs should only be awarded credit if they are safe and sound alternatives to high-cost and predatory products.

I would caution Regulators against awarding CRA credit for a financial institution's support for expanded broadband access. Broadband access is a growing need, especially in rural areas and Broadband providers have a CRA like obligation as regulated entities and the duty to serve is theirs.

I would also like to comment on the question regarding online and mobile technologies and services. The Regulators need to really invest in a number of studies and community engagement activities with affected LMI individuals (not just their advocates) and residents in underserved communities to determine if

- a) services are accessible to LMI individuals and geographies;
- b) whether these technologies have been adopted and are reliably accessible by LMI individuals and geographies;
- c) what are the expressed community needs for access to financial services; and
- d) determine what services are currently available for LMI individuals and geographies to engage financial institutions.

CRA credit should be used to encourage financial institutions to increase access to capital, create and encourage economically viable, socially inclusive and desirable and environmentally sustainable communities where all customers can obtain, maintain and sustain financial security into the future including LMI individuals and geographies without regard to race and communities of color without regard to income.

Thank you for your consideration.

Sincerely,

Stella J. Adams
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