

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

Description:

Comment ID: 137604

From: Breaden Belcher

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Subject: R-1723 Community Reinvestment Act

Comments:

NONCONFIDENTIAL // EXTERNAL

Dear Federal Reserve System,

Thank you for encouraging public input on ways to modernize and improve the CRA. Systemic inequalities in access to credit and redlining, especially for communities of color, are huge issues that must be addressed head-on, and the CRA needs to play a role in doing so. The evaluation process should be altered to more meaningfully take into account these issues.

For example, the CRA evaluation process should include an explicit focus on promoting racial equity. CRA exams could include performance measures that assess services to people of color and communities of color, such as lending and investing in majority-minority census tracts outside of core assessment areas. In addition, scoring on exams should separate and heavily weight findings from fair lending analysis of disparate lending patterns. When banks are found to have a pattern of disparate lending outcomes, their scores should be lowered. When banks participate in activities that address racial disparities in lending (e.g., working with community lenders to create mortgage products that increase homeownership rates among low- and moderate-income people of color), that bank should see an increased score.

Thank you again!

Sincerely,
Breaden Belcher