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February 16, 2021

Federal Reserve Board
Via email: regs.comments@federalreserve.gov

Re: Comments on Federal Reserve CRA ANPR: Docket Number R-1723 and RIN Number 7100-AF94

To Whom It May Concern,

The Central Valley REALTIST® Board (CVRB) writes this letter in response to the Federal Reserve Board's proposal to reform Community Reinvestment Act (CRA) rules. We appreciate the Board's interest in strengthening the CRA so that banks can better meet the credit needs of low and moderate income ("LMI") communities and communities of color in our state and throughout the country.

CVRB is a local chapter of the National Association of Real Estate Brokers (NAREB) and the California Association of Real Estate Brokers (CAREB). NAREB was founded in 1947, making it the oldest Black Real Estate Trade Association in America. It was formed out of a need to secure the right to Equal Housing Opportunities. Since its inception, NAREB has participated in various meaningful challenges and legislative improvements, to establish Fair Housing for all.

The San Joaquin Valley, is a region with higher poverty and unemployment rates than the rest of the state and nation. To address the concerns of families and businesses within our region and across the country, CVRB would like to ask that regulators use these recommendations as guidelines for CRA Modernization:

- **Take race into account.** CRA should hold banks accountable to meet the credit needs of borrowers and neighborhoods of color, so that it achieves its Congressional purpose of addressing redlining. CRA rules should look at whether banks are helping to meet the credit needs of LMI people and neighborhoods and people and neighborhoods of color.
- **Establish a clear, concise, and transparent grading system that holds institutions accountable.** The current system is too ambiguous creating a lack of clarity between institutions and the communities they serve. CRA reform efforts should refine the system so that banks are incentivized to do more to serve communities, not the same, or less. The new system must set the bar higher so that less than 96% of banks are rated Satisfactory or Outstanding, as is the case now.

- **Impose consequences for harm caused.** Banks should suffer downgrades and potentially fail their CRA exams if they discriminate, displace, or harm community credit needs. Banks should be required to prevent foreclosures on homeowners and mom and pop landlords, and prevent defaults and credit impairment for small business owners and consumers. Banks should be encouraged to adopt and implement policies against displacement financing.
- **Consider both quantity and quality of reinvestment** to ensure bank activity targets LMI and Black, Indigenous and People of Color ("BIPOC") neighborhoods and people, and helps meet local community credit needs. CRA rules should discount or downgrade loans and investments that come with high rates and fees, lead to excessive loan defaults, create a cycle of indebtedness, subject consumers to excessive or abusive debt collection practices, or result in displacement, as just a few examples.
- **Encourage institutions to create minority Homeownership Outreach and Assistance programs as a CRA activity.** This activity looks to create education opportunities for consumers who have historically found it difficult to enter the housing market.
- **Require institutions to work with stakeholders to build their CRA plans.** It is essential for communities to have a seat at the table to ensure their needs are adequately met. Community input should be sought through all phases of CRA implementation. Community Benefits Agreements should be encouraged. More time should be provided for public input, and public hearings more readily granted during bank exams, bank merger and bank branch closing applications.
- **Maintain a separate focus on community development lending and investment.** Community development is critical and deserves its own test, but combining lending and investment together could disrupt the affordable housing finance system. Bank support for Low Income Housing Tax Credits, equity investments, and philanthropic contributions have a huge impact on communities and should be evaluated separately from community development lending.
- **Each CRA activity should abide by a Diversity and Inclusion standard to ensure that communities of color have fair access to the banking system.** Communities of color are vastly being underserved especially as institutions are closing more local branches and moving services online.
- **Beware of creating loopholes or alternatives that do not serve the goals of CRA.** Banks will gravitate towards the easiest and cheapest methods of passing their CRA evaluations, so care is needed to prevent reallocation of CRA credit towards easy but less impactful activities. The CRA rules should not favor Strategic Plans unless that process is strengthened, and banks should not easily be able to get CRA credit for activities outside of their assessment areas that do not have a significant positive impact on LMI people and people of color.
- **Bank obligations should be tied to bank presence and activity,** while also encouraging reinvestment in poorly served areas like rural communities and Native American lands. Banks should have CRA obligations in all communities where they seek to derive profits, and certainly the communities that represent a majority of bank lending. The Board is commended for getting rid of the limited scope analysis which has led to less reinvestment in rural communities, and for searching for ways to further meet the credit needs in rural communities and Indian Country.

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Modernizing the CRA is long overdue, as the CRA rules have ignored the communities of color meant to be served by the nation's anti redlining law, and have set the bar too low for banks by allowing weak reinvestment activity, discrimination, redlining, displacement, harm and rejection of community input. CVRB will continue to keep a conscious and vigilant eye to guarantee that these adaptations are fair and equitable. Our goal is to increase access to affordable banking services so that we can invest in our communities either through homeownership, community development or creating businesses. Thank you for the opportunity to comment. To discuss this comment letter, further, feel free to contact D'Adrea Davie at (209) 244-6181 or via email at: cvrb.president@gmail.com.

Sincerely,

D'Adrea Davie

PRESIDENT
CENTRALVALLEY REALTIST® BOARD OF NAREB