

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

Description:

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Comment ID: 138024

From: Robert Rutkowski

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

Subject: R-1723 Community Reinvestment Act

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Comments:

NONCONFIDENTIAL // EXTERNAL

Jerome Powell, Chair

BOARD OF GOVERNORS of the FEDERAL RESERVE SYSTEM

20th Street and Constitution Avenue N.W.

Washington, DC 20551

jerome.powell@frb.gov, regs.comments@federalreserve.gov

Re: Strengthen Community Reinvestment Act Framework with Focus on Increasing Equity in Bank Investments and Access to Sustainable Credit for Communities of Color and Low and Moderate Income Families

Dear Chair:

Twenty consumer, civil rights, small business, and other public interest partners submitted a comment letter,

<https://ourfinancialsecurity.org/wp-content/uploads/2021/02/2021.2.16-Fed-CRA-Comment-Letter-2.pdf>,

on its Advance Notice of Proposed Rulemaking to modernize the Community Reinvestment Act (CRA).

After enacting the Fair Housing Act and the Equal Credit Opportunity Act, Congress passed the CRA in response to discriminatory redlining practices that excluded certain communities from banking and lending, including mortgages that enable sustainable homeownership. The purpose of the CRA is to make sure that banks provide safe and affordable credit to communities of color, low and moderate income (LMI) communities, and other underserved areas. By requiring banks to meet the credit needs of communities, the CRA - and effective engagement by community leaders & has helped increase investment in LMI neighborhoods and made credit more available to families and businesses of color for over 40 years. The FRB should make sure that all changes to the CRA are guided by this purpose and outlined several approaches to strengthen the CRA framework, including explicitly incorporating racial justice into CRA exams, incorporating climate change and environmental concerns, enhancing data collection and community participation, and improving the examination process to provide a more accurate reflection of how banks are meeting the needs of underserved communities.

During the COVID-19 pandemic, low- and moderate-income families and Black, Latinx, Indigenous and immigrant communities have been borne the brunt of illness and continued to face acute economic distress because of discrimination and socioeconomic disparities. The Community Reinvestment Act is a tool that can and should be used to facilitate a better recovery for these families. The Federal Reserve should adopt changes to the regulatory framework that will increase equity in bank investments and access to sustainable, wealth-building credit in underserved communities to allow them to rebuild after the COVID-19 crisis subsides, and to address longstanding and continuing inequities.

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Yours sincerely,

Robert E. Rutkowski

cc:

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