

Jamestown S'Klallam Tribe And JST Capital

CRA Modernization Questions – February 9, 2021

Key Questions for Native Communities

- ❖ What are the capital, credit, and community development needs in Native Communities?

Not particularly unique needs for our community. The need to be flexible was mentioned and is important to our community. Flexible terms are something big banks are not willing to consider. It was noted that even when we have a simple need like the presence of an ATM in one of our public facilities, banks do not offer to provide one and it is left up to the Tribe to provide ATMs and similar services.

- ❖ What are the biggest barriers to accessing lending and financial services in your community?

There is not a plethora of financial service and product providers in our area to begin with. Our needs and requests are too small and insignificant for the big banks and we get overlooked. It is hard to say what other barriers are there because we are not even considered because the financial products of big banks are out of our reach. We are fortunate to have some small local bank support in our area.

- ❖ If your community had better access to lending and financial services, which services would be the most impactful?

Investing, lending, and services would all be impactful. Affordable home loans. We are hopeful that modernization and reform of CRA will cause a surge of CDFI funding investment from banks, enhance Tribal Natives access to capital sources from non-regional financial institutions and would increase the amount of financing from local banks. This would be a good outcome for us. If big banks (or small) are unable or unwilling to lend and invest in rural and remote areas, investing in CDFIs that will be the most impactful way to service these communities.

Retail Lending Activities

Question 40 – Should CRA consideration be given for retail lending activities conducted within Native Communities regardless of whether those activities are located where the bank maintains branches?

Yes.

- ❖ What is your experience with attracting banking services in your area, especially if you are located in a remote or rural area?

It is difficult to attract banking services to our area because of our rural and remote location. We often lack the presence of physical branches which makes business difficult. Although internet banks and online banking continue to grow in

popularity in urban areas, they don't grow as quickly in areas like ours that suffer from basic internet and communications constraints.

- ❖ What kinds of financial services are needed on Native land?

Affordable housing loans and investment, commercial lending and funding for infrastructure. All financial services for commercial and domestic assistance are needed.

- ❖ Question 41. Should all retail lending activities in Native Communities be eligible for consideration in the Retail Lending Subtest or should there be limitations or exclusions for certain retail activities? Should banks get credit for loans to middle and higher-income borrowers?

Yes.

Volunteer Activities in Rural Areas

Question 50 – Should volunteer activities unrelated to the provision of financial services, or those without a primary purpose of community development, receive CRA consideration for banks in rural assessment areas? If so, should consideration be expanded to include all banks?

No. Volunteer activities should be just that, not a task in exchange for CRA credit. This would allow banks to satisfy CRA tests without making a monetary contribution like loans and investments. Additionally, volunteer activities that relate to financial services like providing technical assistance to a CDFI should be considered for CRA credit, but NOT general community activities like serving on the chamber of commerce board. This kind of activity is essential to become more aware of American Indian community challenges and needs.

Overarching Questions

- ❖ Question 1 – Does the Board capture the most important CRA modernization objectives? Are there additional objectives that should be considered?

Yes, the most important objectives are included. There are good suggestions from the Board on various topics, one of them certainly being the creation of quantitative metrics for each rating.

- ❖ Question 2 – In considering how the CRA's history and purpose relate to the nation's current challenges, what modifications and approaches would strengthen CRA regulatory implementation in addressing ongoing systemic inequity in credit access for minority individuals and communities?

Considering the purpose of the CRA is to implement the statute for addressing persistent systemic inequity in the financial system, we need to do more than "encourage" the financial institutions to meet the credit needs of the communities they

serve; we need to mandate it. We hear language like, “proceed with caution so as not to disturb the banking community from supporting community development”, rather than outright requiring the banking community to support the credit needs of the local communities in which they are chartered. A stronger approach with quantitative thresholds for minimum standards should be an industry requirement rather than a suggestion.

Additional Insight from Jamestown S’Klallam Tribal Capital, Inc. – our Native CDFI

- ❖ Question 67 – Should banks receive CRA consideration for loans, investments, or services in conjunction with a CDFI operating anywhere in the country?

Yes. Collaborative relationships between banks and CDFIs should be encouraged, without geographic area restrictions. It should be clear that CDFIs are among a number of organizations in which banks may invest and for which they may receive CRA consideration. Loans to and investments in qualifying CDFIs would be helpful in encouraging community banks meet their CRA obligations so we see this as a win-win proposition.