



Date: February 11, 2021

Re: Docket Number R-1723 and RIN Number 7100-AF94

To Whom it May Concern:

The Community Reinvestment Act (CRA) has been an important tool for community development since 1977. Neighborhood Finance Corporation (NFC), a 30-year nonprofit mortgage company and a NeighborWorks America Organization, was founded on partnerships developed as the result of CRA. Any changes to CRA should strengthen the positive impact on communities that have traditionally experienced disinvestment and benefit the people that live in those communities.

As a non-profit and Community Development Financial Institution (CDFI), NFC relies on investment commitments from financial institutions for our non-conforming first mortgage purchase and refinance loans and home improvement loans. NFC provides renovation loans for owner-occupied homes with the mission of revitalizing neighborhoods. Currently, NFC has \$23.5 million in commitments that is providing critical capital to low and moderate borrowers and low and moderate income census tracts over a 3-year period. Though we understand banks participate in our lending pools as part of their larger commitment to serve our community, we also recognize that CRA credit has been a major contributor to our ability to raise over \$135 million the past 30 years.

For this reason, the NFC staff and Board of Directors believe it is important to share what we feel must be maintained if the CRA is to be updated. The devastating impacts of the COVID-19 pandemic have been much more difficult for low and moderate income households and communities. This has made it even more important that affordable and accessible capital is available to these communities to create housing opportunities, support small businesses and encourage quality community that strengthens the community without displacing the current residents.

Location and local investment matter – Though on-line access has impacted financial transactions, through our work in low and moderate income communities we are keenly aware that many of our customers do not use on-line tools to access financial information or conduct financial transactions. For this reason, we believe local branches remain important to our communities as a means to build relationships and to curtail the use of high-cost financing through pay day and checking-cashing establishments.

1912 Sixth Avenue
Des Moines, IA 50314
Telephone: 515-246-0010
Fax: 515-246-0112
www.neighborhoodfinance.org



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Community Development and CRA investment are nuanced – NFC believes that impactful CRA investments cannot be measured through a single-metric; for instance, through a balance sheet approach based on the amount invested. Community development partnerships require an on the ground understanding of the local community through Board participation, volunteering in communities, and long-term investments. In order for CRA investments to meet the needs of the under-served in the community, it requires banks to have a full understanding of the credit needs of the communities they serve, and relationships with the non-profit organizations providing impactful solutions. Without this understanding, CRA investments could be used for projects that lead to displacement and limiting affordability to the exact communities CRA was created to benefit and serve.

Not all investments are equal – NFC has a 30-year commitment to providing affordable home mortgages that build wealth and improve low and moderate income neighborhoods. NFC, like our NeighborWorks partner organizations, do this work in partnership with local governments, banks and community leaders. Our experience tells us that investments that make real change need to build wealth among minority and low and moderate income community members and improve the community for those that are currently living there.

Therefore, we believe CRA activities should be focused to meet these goals. As part of this objective, we believe any activity with a NeighborWorks Organization should be eligible for CRA credit. Also, Opportunity Zone credits should only be available for those activities that improve the lives and meet the needs of the current residents of the Opportunity Zones.

Thank you for the opportunity to share our thoughts. We appreciate the opportunity to provide input into the process.

Stephanie Murphy, Executive Director
Neighborhood Finance Corporation
1912 6th Ave, Des Moines, IA 50314
1110 Old Marion Rd, Cedar Rapids, IA 52242