

Proposal: 1769(AG29) Regulation BB: Community Reinvestment Act

Description:

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From: Felicia Griffin

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Comments:

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Proposal: Regulation BB: Community Reinvestment Act [R-1769]

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Your comment: When major revisions to the CRA regulations were made back in 1995, the internet was new, we did not have smart phones, and most people banked by going to a physical branch. Today, branches are still important, but many people often make deposits, pay bills, and handle other financial transactions through digital devices. Yet, banks are still being evaluated according to how they serve customers around their brick-and-mortar branches. Although additional revisions were made in 2005, there is still no cohesive list of what counts for CRA credit. This means community advocates and bankers often have to make guesses. When billions of dollars are at stake for our small businesses, home mortgages, and community development programs, I do not think guessing is the best strategy. Also, the CRA criteria being used to evaluate banks are often subjective. The results can take years to compile, and the performance reports often contain hundreds of pages that very few people (if any) have interest or time to pay attention. In my opinion, fixing these problems could help drive more capital to communities that need money to support housing, jobs, and basic services. Modernizing and strengthening CRA rules would reflect how people bank today and address what many of our communities need right now. The changes could create more incentives for banks to lend and invest in distressed and underserved communities that need it, create jobs and economic opportunities for low- and moderate-income people, and increase the sizes of loans for small businesses. Additionally, the new rules could potentially help limit displacement and harmful gentrification by closing loopholes that favor loans for wealthy people and increasing the flow of CRA credit to low- and moderate-income individuals and communities.