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

Description:

Comment ID: 142419

From: Glenn R. Davis

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

Subject: Reg BB; Community Reinvestment Act

Comments:

Date: Aug 05, 2022

Proposal: Regulation BB: Community Reinvestment Act [R-1769]
Document ID: R-1769
[p]Revision: 1
[p]First name: Glenn
Middle initial: R
Last name: Davis
Affiliation (if any):
Affiliation Type: ()
Address line 1:
Address line 2:
City:
State: New Jersey
Zip:
Country: UNITED STATES
Postal (if outside the U.S.):
Your comment: To whom it may concern: The proposed updates and modernizations to the Community Reinvestment Act represent a promising step to increasing the long-term effectiveness of this important legislation, and in turn directing investment dollars where they are most needed. I would, however, like to echo the concerns and suggestions being put forth by several people and organizations who have read and considered the proposed changes carefully, including: 1) Including race/ethnicity as an explicit part of CRA evaluations. There is simply no substitute for explicitly addressing the inequities faced by communities of color, as my own work with a community-based nonprofit with a majority-minority client base attests. 2) Independent mortgage companies and non-bank lenders should be subject to CRA evaluations. This is particularly important as a larger share of mortgages are originated by non-bank lenders who may be able to avoid the accountability the CRA provides. 3) The importance of robust data and community input. These factors are intertwined - better data availability makes communities more able to make a case that a given lender is, or is not, adequately meeting their obligations, and if structures are put in place to make this community input an explicit part of the CRA process, the effectiveness of this data as a tool of accountability will be maximized. 4) Strengthening community development - Banks are critical partners for many organizations around the country providing critical services through the development of affordable housing, small business financing, and more. Community development financing tests must be rigorous and should separately evaluate loans and investments to community organizations, incentivizing multiple types of capital that are necessary for community development organizations and CDFIs to provide the multitude of services they offer to those in need every day. Thank you, and I look forward to the careful consideration of comments received, and ultimately the implementation of a stronger CRA.