

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Description:

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Comment ID: 157189

From: Talmadge J. Thomas

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Subject: R-1813 Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking

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Comments:

Greetings:

As an international preacher, teacher, and community leader, I feel that I must speak up in opposition to the Federal Reserve's proposed increase in bank capital requirements. In doing so, I stand united with fellow leaders in the African-American community who share my concerns about the potential detrimental impact of these rule changes. I believe that these adjustments could further worsen existing systemic barriers to prosperity within our community.

Discriminatory lending practices, such as restrictive covenants and redlining, have systematically disadvantaged people of color, leaving a lasting imprint on the racial homeownership divide. This legacy has limited opportunities for Black and minority families to build generational wealth through homeownership. This year, a study by the National Association of Realtors[<https://www.nar.com/resources/research-and-statistics/2022-homeownership-rate-gap-is-biggest-in-a-decade>] revealed concerning trends. While the overall U.S. homeownership rate increased to 65.5% in 2021, the rate among Black Americans significantly lags at 44%, showing a mere 0.4% increase in the last decade. This figure is nearly 29 percentage points less than that of White Americans (72.7%), marking the largest Black-White homeownership rate gap in a decade.

I'm particularly troubled by reports that the Board is contemplating significant capital standard increases for mortgages with less than 20% down payments. Adoption of these standards would undercut efforts to boost Black homeownership and handicap first-time, especially first-generation, homebuyers lacking multi-generational wealth or above-average incomes.

I'm also concerned about how the proposed rule changes will affect small businesses, especially those already facing outsized burdens. According to the Fed's 2022 Report on Firms Owned by People of Color, Black and Hispanic-owned businesses are more likely to be labeled a high credit risk. The report also found that minority-owned firms are half as likely as white-owned firms to receive all of the financing they sought. These business owners need a helping hand, not additional obstacles.

In recent years, the Federal Reserve's strategic initiatives- in tandem with the Biden Administration's vision-have played a crucial role in steering the economy through challenging times. As the Board prepares to take on this new challenge, I call on members to engage in open dialogue with stakeholders and implement policies that promote inclusivity and economic well-being for all.

Genuinely,

Bishop Talmadge J. Thomas