Community Reinvestment Act Joint Public Hearing August 12, 2010
Individual Presentation: Robin Coffey

[Applause]

Robin Coffey:
Good afternoon. My name is Robin Coffey, and I'm the Assistant Deputy Director at Neighborhood Housing Services of Chicago, a CDFI providing a variety of services, including mortgage loans to low and moderate income communities in Chicago and Elgin, Illinois. I am also a board member of the IFF, another CDFI which provides below market lending and real estate consulting and development for nonprofit corporations within Illinois, Indiana, Iowa, Missouri, and Wisconsin. Prior to my current job, I worked for over 22 years as a community development lender, investment officer, and a CRA officer for a $23 billion regional bank headquartered here in Chicago.

The time spent as a CRA officer taught me many things, including how difficult it was to continue to proactively seek out community development opportunities while, at the same time, maintain the market share numbers needed to pass the lending test. The CRA exam cycle became a numbers game as we strove to keep up with the larger players with whom we were measured against. I'd like to address my comments to one particular question: Should geographic scope differ for institutions that are traditional branch-based retail institutions compared to institutions with limited or no physical deposit-taking facilities?

Maintaining a traditional branch bank's focus on the community where they are located is important. A bank with one main operation center and several branches within a community is different from a bank within a multiple state footprint with a headquarters and operations centers in a distant state. The argument that the local bank staff can perform the work needed to serve the low to moderate income needs of the community belies the fact that the local branch staff does not control the bank products or the loan offerings. They sell what the main office gives them, and they sell the loan inquiries to another location. The CRA examiners seem to reward this product line consistency, as long as the bank is not discriminating in its offerings.

For large banks, currently 25 percent of their grade is determined by the community development activities. Community development lending and investments are usually done by a core group of highly motivated and trained individuals who do not always reside in the community that their branch office is serving. They rely upon national intermediaries and their own community affairs staff to point out opportunities. This leads to a one-size-fit-all model for communities which are outside of that home base and make it difficult to serve the needs in particular low to moderate income communities unless you can find a way to replicate that and make it attractive to bring it to scale.

The CRA exam tends to reward innovativeness that a bank achieves when its headquarters location does things while downplaying their absence in communities where acquisitions have left them with a branch staff that is no longer able to participate with community loan funds or entry level deposit products that were developed to serve a specific need. An updated community development test should allow and encourage traditional banks to extend their community development expertise to have a qualitative impact upon community needs. Thank you.