Community Reinvestment Act (CRA)

Notice of Proposed Rulemaking (NPR)

Update, summary, the consequences for community developers, and a plan for action.

Webinar partnership

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Agenda

- Brief History of Redlining
- Community Reinvestment Act (CRA) Today
- Proposed Rule Summary
- Consequences for community organizations
- Strategy and Tactics

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Redlining – A brief history

Photo source: California Eagle Photograph Collection, USC Library
CRA Today

Substance
- Focuses on bank branches (i.e. assessment areas)
- Lending, investments and services
- Performance context and community responsiveness is key

Photo courtesy of Dallas Magazine

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CRA Today

Process
- Statute vs. Regulation
- Three primary regulators
  - Office of Comptroller of Currency (OCC)*
  - Federal Reserve (Fed)
  - Federal Deposit Insurance Corporation (FDIC)
- Oversight Committees
  - House Financial Services
  - Senate Banking
- 1995 was last coordinated update
- OCC released final rule in 2020

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What needs updating
## Why now?

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<tr>
<th>Current</th>
<th>Why it’s outdated</th>
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<tr>
<td>Assessment areas only around physical branches</td>
<td>Does not consider online banking branchless banks or non-physical branch activity</td>
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<td>Banks only know they get credit after an investment is made</td>
<td>All want more certainty about what gets credit</td>
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<td>Examiners have a LOT of discretion over exam grades</td>
<td>There’s a desire to make the exams more quantitative and consistent</td>
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<td>CRA does not explicitly address issues around race</td>
<td>Can it or should it given the national environment?</td>
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Consequences for the Financial Empowerment Field

• What types of volunteerism should banks get credit for CRA purposes?

• Should all financial coaching by bank employees get CRA credit? Or only coaching targeted to low-income or other specific groups of people?

• Should quantifying CRA incentivize larger investments and discount the importance of community impact and grant dollars?
Next Steps

• Federal Reserve ANPR closed on February 16, 2021
• Proposed Rule anticipated by end of 2021
• Consolidated approach among regulating agencies?
• NACEDA’s continued interest and attention

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Open minds Operate best. Critical thinking Over tests. Wisdom can’t be memorized. Educate! Agitate! Organize!

- Submit questions via the chat box OR email fwoodruff@naceda.org
- Regular updates at www.naceda.org/cra