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**From:** Mary Compton <mcspirit@centurytel.net>  
**Sent:** Friday, May 17, 2013 7:35 PM  
**To:** Comments  
**Subject:** CRA Comments - QandA Spring 2013

**Importance:** High

Dear Sirs:

*Unidos Para La Gente*, a member of the National Community Reinvestment Coalition (NCRC), believes the Interagency Question and Answer (Q&A) document would be somewhat helpful but the proposed changes fall far short of the revisions to the CRA regulation needed for changes in the banking industry. Bold and aggressive changes to the CRA regulation in order to increase responsible lending, investing, and services in low- and moderate-income communities.

The agencies propose to motivate increased community development lending and investing in smaller cities and rural areas by facilitating lending outside of banks' assessment areas (or geographical areas containing bank branches that are scrutinized by CRA exams). Currently, a bank receives favorable CRA consideration for lending and investing in statewide or regional areas that includes the bank's assessment area(s) provided that the bank is adequately serving the needs of its assessment area(s). The agencies propose to change this to providing favorable CRA consideration for community development financing in the larger areas as long as the financing in the larger areas are not "in lieu of or to the detriment of" financing in the assessment area(s).

The proposed changes would modestly facilitate community development financing in smaller cities and rural communities, but these changes are much less effective than broader changes to banks' assessment areas would be. The agencies should designate additional assessment areas for counties and metropolitan areas in which a bank makes sizable numbers of loans but in which the bank does not have branches. This is not difficult to do; the former Office of Thrift Supervision (OTS) assessed performance in geographical areas with high numbers of loans beyond bank branch networks. Expanding assessment areas would be more effective in stimulating increased community development financing and home and small business lending than the tortured semantic and legalistic changes proposed to the Q&As.

In addition, the agencies are missing an opportunity to assess the effectiveness of their proposed changes by not requiring additional data disclosure of community development lending and investing. For the past several years, NCRC and its members have been advocating for the agencies to publicly provide data on community development lending and investing on a census tract level or at least on a county level. If county level data were available for community development financing, the agencies and the public at large could assess how effective any proposed changes to the regulation or Q&As would be in stimulating more community development financing in rural counties and smaller cities while ensuring that the current assessment areas do not experience significant declines in community development financing.

The agencies should refrain from altering examination weights in their proposed Q&A on community development lending. Retail lending is the predominant part of the lending test, and it is unlikely that strong performance on community development lending can or should compensate for weak performance on retail lending. Better methods can be developed for community development lending.

While bank branches are closing, some large banks are now engaged in abusive payday lending. A more rigorous service test which assesses data on bank deposits in addition to bank branches in low- and moderate-income communities is urgently needed. In addition, the existing Q&As regarding foreclosure prevention and loan modifications are not effectively stimulating large-scale foreclosure prevention activities. Reforms to the CRA regulation boosting the importance of foreclosure prevention and servicing must be undertaken.

Loan purchases versus originations is not addressed by the proposed changes to the Q&A.. NCRC and its members have commented recently on CRA exams in which banks are making few loans to low- and moderate-income borrowers but purchasing several loans made to these borrowers from other banks. Making loans represents a more concerted effort to serve community needs than purchasing high volumes of loans.

Unidos Para La Gente is very disappointed that the agencies are proposing shoddy measures in the form of Q&As . The agencies need to engage in comprehensive reforms regarding assessment areas, the service test, foreclosure prevention, and the consideration of loan purchases on CRA exams. We urge prompt and comprehensive reform to the CRA regulations.

Sincerely,

Unidos Para La Gente  
Mary Compton, president

cc. National Community Reinvestment Coalition