



May 17, 2013

Re: Proposed Changes to Interagency Q&A

OCC: Docket ID OCC-2013-0003

Federal Reserve: Docket No. OP-1456

FDIC: Attention: Comments on CRA Interagency Q&A

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed Interagency Question and Answer (Q&A) regarding the Community Reinvestment Act (CRA). The Hope Enterprise Corporation / Hope Federal Credit Union (HOPE), a member of the National Community Reinvestment Coalition, recognizes that while the proposed changes represent a step in the right direction, a bolder and more aggressive approach to the CRA is needed to increase lending, investment and services in historically underserved communities. In these comments, HOPE will specifically address three issues: 1) Proposed Changes to Assessment Areas; 2) the limits to the current service test; 3) Proposed changes to scoring partnerships with Minority- and Women-Owned Financial Institutions and Low-Income Credit Unions.

Expand Assessment Areas

Several large banks with national footprints sell products in Mississippi, Arkansas and Louisiana without a physical presence in these states. Our concern is that these banks engage in profit making in the region at substantial and increasing levels through activities such as mortgage lending, credit cards and online banking – yet have little or no obligation to reinvest in the Mid South. The mismatch is particularly disturbing given that Mississippi has the highest poverty rate, the highest rate of African Americans and the highest rate of unbanked households in America, and the surrounding states are comparable in nature. To address this problem, the federal regulatory agencies should create additional assessment areas for counties and metropolitan areas from which a bank extracts significant revenue, but where the bank does not have a physical presence. Expanding assessment areas to include places in which material levels of lending occur would be a much more effective approach to increasing, lending, investment and service activity in the South's underserved markets than the proposed incremental changes in the Q&A.

Current Service Test is Inadequate

While many banks are closing down bank branches – particularly in low- and moderate-income and minority communities – the proposed Q&A's do not address issues with the service test. HOPE experienced the limits of the service test first hand in 2012 when a large bank pulled out of Utica, MS. While the census tract was listed as a middle income

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Activities with Minority- and Women-Owned Financial Institutions and Low-Income Credit Unions (MWLI)

The agencies propose to offer favorable CRA consideration for partnerships with minority- and women-owned financial institutions, and designated low-income credit unions, even if those institutions are outside the banks’ assessment area(s). In the Q&A, the guidance lists several activities that would receive CRA consideration.

While HOPE appreciates the listing of activities that could support MWLI’s, such example investments would not be materially helpful in expanding access to credit in the local communities in which HOPE works. To effectively expand access to loans and financial services in underserved communities through MWLI’s, particularly credit unions, secondary capital loans, grants and equity equivalent investments are needed. Such resources would help MWLIs apply their tools to directly reach more underserved people and places, and not rely on dramatic changes to entrenched bank practices and priorities that have largely failed to reach low-income people. As a result, investments such as those cited above should be listed as examples in the Q&A and receive significantly more weight than the current examples.

In persistently impoverished regions such as the Mid South – historically distressed populations need the Community Reinvestment Act to work for them. Unfortunately, the proposed changes leave too many issues unaddressed. In light of the shortfalls, prompt and comprehensive reform of the CRA is needed to ensure that low-income individuals and communities do not fall further behind.

Sincerely,



William J. Bynum
Chief Executive Officer
HOPE Enterprise Corporation

cc. National Community Reinvestment Coalition