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November 7, 2014

Office of the Comptroller of the Currency: Docket ID OCC-2014-0021

Federal Reserve Board: Docket OP-1497

Federal Deposit Insurance Corporation: Attention: Robert E. Feldman, Executive Secretary,
CRA comments

250 E. Street SW

Washington DC 20219

RE: Proposed Changes to the Interagency Q&A Regarding Community Reinvestment

To Whom It May Concern:

Westchester Residential Opportunities Inc, (WRO) is a member of the National Community Reinvestment Coalition and is writing to respond to the request for comments on the proposed changes to the “Interagency Questions and Answers Regarding Community Reinvestment.” We commend the regulatory agencies’ proposals to reward small dollar lending and the use of alternative credit histories with Community Reinvestment Act (CRA) credit. However, we urge the agencies to reconsider the suggestions regarding alternative service delivery methods. Access to banking services for low- and moderate-income (LMI) communities is a key component of CRA, and financial institutions must meet a high bar to prove that alternative service delivery methods are meeting the needs of LMI individuals. Until it is clear that alternative service delivery methods fully meet the needs of low- and moderate-income individuals and communities, bank branches should continue to receive greater weight on the service test of CRA examinations.

The communities which we serve may not speak English as a second language and may not have access to the Internet, therefore, they can be technologically challenged. Secondly, a number of the communities we serve are unbanked due to the high fees, high balance they must maintain to prevent fees and the lack of a credit history.

WRO was founded in 1968 when the Fair Housing Act was formed. Redlining and disparate treatment was blatant and encouraged in the predominately White counties that existed during this time. CRA guidelines for lending was and still is prevalent in Westchester, Putnam, Rockland & Dutchess counties where there is still a struggle to include low-moderate income

individuals and families with loans, housing, banking services and to non-white's. Utilizing alternative credit histories would be a positive step forward engaging more low and moderate income consumers and the practice should be awarded CRA credit. This display by the financial institutions could open up to potentially new customers that do not have a bank account nor ever used banking services for the lack of traditional credit.

The use of full service branches have been leaving our neighborhoods for many years and should not be replaced by online banking and the ATM's. ATM's and the Internet must not be the only method of interaction with financial institutions. The primary emphasis should remain on meeting the needs of those traditionally underserved households and families.

We commend the regulatory agencies on some of the proposed updates and changes to the Q&A. Specifically, we are pleased with the recommended updates to the question addressing innovative and flexible lending practices.

1. We are encouraged by the Agencies' inclusion of using alternative credit histories as a practice that warrants CRA credit. Many existing underwriting practices effectively exclude a large number of creditworthy LMI borrowers. Financial institutions would have a greater incentive to integrate alternative credit histories into their business with the added clarity that the practice is eligible for CRA credit.
2. Small dollar loan programs offer a promising alternative to higher-cost loans offered by institutions like payday lenders. And with the financial literacy and savings components, these loan programs offer real opportunities to help build sustainable wealth and financial knowledge. It must be clear to examiners, however, that these small dollar loan programs should only be awarded credit if they are safe and sound alternatives to high-cost and predatory products.

Yet these helpful changes are outweighed by our concerns with proposed changes to other questions and answers, most notably the proposed changes that address advancements in financial service technology. Our principal concerns are listed below.

1. There is a need to account for changes in banking technology and how customers engage with financial institutions. As a result of online and mobile technology, financial institutions can reach consumers in new ways, yet access to bank branches must continue to be given primary emphasis in determining a bank's CRA service test rating.
Additionally, it must be made clear that financial institutions will not receive CRA credit even for the LMI individuals and geographies outside the financial institutions' established assessment areas that are reached through mobile or online technology. So long as assessment areas are regional, examiners must restrict their assessments to a financial institution's performance and services in those areas.
2. The existence of online and mobile technologies and services alone is insufficient. To warrant CRA credit, it must be clear that:
 - a. those services are accessible to LMI individuals and geographies;
 - b. there is actual adoption of those technologies by LMI individuals and geographies;
 - c. those technologies are the preferred method of engagement; and

d. those services are not the sole method for LMI individuals and geographies to engage financial institutions.

3. Regulators should not be awarding CRA credit for a financial institution's support for expanded broadband access. Broadband access is a growing need, especially in rural areas, and it is a clear priority for the Administration. But giving CRA credit for supporting broadband expansion is problematic. It is more important to use CRA credit to encourage financial institutions to find more direct ways to meet the needs of LMI individuals and geographies.

We urge the banking regulatory agencies to consider this feedback and to strengthen the revisions to the Interagency Questions and Answers document to ensure that LMI communities continue to receive adequate and accessible banking services. Should you have any further questions about our comments, please contact [Veronica Raphael, vraphael@wroinc.org](mailto:vraphael@wroinc.org).

Thank you for your consideration.

Sincerely,

[Veronica Raphael](#)

Director of Foreclosure Prevention

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