

March 17, 2014

Gary A. Kuiper, Counsel Room NYA-5046 Federal Deposit Insurance Corporation 550 17th Street NW Washington, DC 20429

Re: Agency Information Collection Activities; Proposals, Submissions, and Approvals: Proposal To Renew the Following Currently-Approved Collections of Information:

Community Reinvestment Act

ID: FDIC-2014-0006-0001, OMB Number: 3064-0092

Thank you for this opportunity to comment on the proposed information collection under the Community Reinvestment Act (CRA). The Greenlining Institute strongly supports the FDIC in its efforts to continue to collect this very important information. As an advocacy organization for communities of color, we are extremely familiar with the deep-rooted problems of inequity and discrimination that the CRA is intended to address. Without this information, regulators will lose a vital tool to keep financial institutions accountable to the communities they serve.

## The CRA Collection Burden is Not too Onerous for Banks and Thrifts

The CRA requires the FDIC to assess the record of banks and thrifts in helping meet the credit needs of their entire communities, including low- and moderate-income neighborhoods and ensure that their business is consistent with safe and sound operations. These records are taken into account when evaluating applications for mergers, branch openings and closures, and certain other corporate activities.

The FDIC estimates a total burden of 213,266 hours in affected financial institutions meeting the combined annual reporting, recordkeeping, and disclosure requirements. This is entirely appropriate to the gravity of the CRA's requirements to serve the entire community, which we discuss further below.

## **CRA Information Collection Should be Broadened to Include Race**

The CRA was designed to correct market failures that allowed discrimination to devastate communities thirty years ago. Those harmed were low-income neighborhoods and communities of color, who were targeted by the practice of "redlining." A redlined community was a place where mainstream financial institutions would not extend access to credit, done without regard to the actual financial qualifications of residents. The effects of this practice are still felt today. Very recently, for



example, the same communities targeted by redlining were hammered by the financial crisis as they flooded with high-cost subprime loans and abusive option ARM loans. These loans were often unaffordable and unsustainable for working class families.

The CRA of the 21<sup>st</sup> Century must broaden its scope to reflect the grave harm associated with racial discrimination and racial market segmentation. The CRA itself states that regulators must "assess the institution's record of meeting the credit needs of its *entire community*" (emphasis added) which, especially given that the CRA was intended to combat redlining, must encompasses race.

With racial lending data, we can then measure whether banks are empowering communities of color. Examples of such investments include neighborhood redevelopment efforts such as investing in neighborhood anchors such as retail and grocery stores, brownfield and vacant-property development, and support for minority small business enterprises through technical assistance, affordable loans, and equity investments.

Moving the CRA in this direction would mean that we can finally start building an accurate picture of banks' lending to communities of color, creating a more accountable and responsive financial services sector. Holding banks accountable for their racial lending performance is also an extremely practical issue. At the neighborhood level, broadened CRA requirements introduce banks to underserved markets that they may otherwise not have approached, creating a win-win scenario for both the bank and its local communities. At the national level, as a country that will soon be minority-majority, these efforts will affect the nation's competitiveness in the global economy. When communities of color prosper, we all prosper.

## Working Toward a Fair and Inclusive Economy for All

At Greenlining, we work to create a fair and inclusive economy for all, including those who have been historically underserved by the financial services sector. We are glad that the FDIC is continuing its data collection efforts, and urge the FDIC and other financial regulators to think even more broadly about information required to show meeting the credit needs of the "entire community." We firmly believe that we cannot get an accurate picture of this assessment unless racial lending performance is a factor in CRA examinations.

Thank you for the opportunity to comment on this important information collection.

Sincerely,

Sasha Werblin Aysha Pamukcu
Economic Equity Director Economic Equity Policy Counsel