

August 4, 2022

Federal Deposit Insurance Corporation
1776 F Street, NW
Washington, DC 20006
FDIC RIN 3064-AF81
FDIC Federal Deposit Insurance Corporation: comments@fdic.gov

Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, DC 20551
Federal Reserve Docket No. R-1769 and RIN 7100-AG29
Federal Reserve Board of Governors: regs.comments@federalreserve.gov

Office of the Comptroller of the Currency
O400 7th St., SW
Suite 3E-218
Washington, DC 20219
OCC: <https://www.regulations.gov/commenton/OCC-2022-0002-0001>

RE: Comments on Interagency Notice of Proposed Rulemaking (NPR) regarding the Community Reinvestment Act (CRA)

To Whom it May Concern:

This letter is being sent on behalf of Scranton Neighborhood Housing Services, Inc., dba NeighborWorks Northeastern Pennsylvania (NWNEPA), in order to comment on the Interagency Notice of Proposed Rulemaking (NPR) by the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board regarding the Community Reinvestment Act (CRA). NWNEPA appreciates this opportunity to comment on the Federal Interagency Rulemaking Proposal to the Community Reinvestment Act.

For more than 40 years, NWNEPA has provided crucial housing services to residents in the City of Scranton, Lackawanna County, and throughout northeastern Pennsylvania. Our services have included housing counseling, financial stability services, home rehabilitation and down payment lending, property acquisition and redevelopment, home modification services for seniors, and neighborhood revitalization activities. In many cases throughout our history, local community banks, regional banks, and national financial partners have been crucial partners in providing much-needed financing and support to the work that we do in our community. As of this writing, we count approximately a dozen separate financial institutions as active partners and investors in our work here in northeastern Pennsylvania.

We believe that the CRA is one of the most important tools available to hold banks accountable to local communities, requiring them to lend and provide services equitably, and to support community development in the areas where they do business. We have seen firsthand how this

landmark law has led to significant impacts in our community by supplying motivation for banks to provide various types of loans and assistance to underserved residents and neighborhoods. Each year, our organization assists over 800 regional residents with homeownership creation and preservation services, and ultimately our work has resulted in well over \$270 million of investment in our community, much of which would not have been possible without significant collaboration with local, regional, and national financial institutions.

As an organization that specializes in homeownership services, the CRA has been a critical tool for providing access to homeownership for many LMI households. And although we are encouraged by the latest proposal by the Federal Reserve Board, Office of the Comptroller of the Currency (OCC), and Federal Deposit Insurance Corporation (FDIC) to modernize the CRA, we would specifically like to comment on a few components of the NPR.

- **Automatic Enrollment:** The current proposed rule offers an automatic enrollment of activities undertaken with a CDFIs as eligible for CRA credit. We join with both the National NeighborWorks Association and NeighborWorks America, in proposing that NeighborWorks organizations be considered under similar logic. According to the regulators, CDFIs play a key role in community revitalization as an effective driver of capital and are, therefore “would be presumed to qualify for CRA credit given these organizations would need to meet specific criteria to prove that they have a mission of promoting community development and provide financial products and services to low- or moderate-income individuals and communities.”

The same can be said for NeighborWorks organizations such as ours, therefore extending the same treatment would support the intent of the modernized CRA rule. We also recommend the agencies extend this treatment to HUD-designated Community Housing Development Organizations (CHDOs), HUD-approved Housing Counseling Organizations, and HUD-approved Nonprofit Organizations.

- **Community Development Activities:** Notably, the proposed rule supports allowing consideration of community development activities outside of a bank’s assessment area. Because many areas across the nation are remote and far removed from credit opportunities, including rural areas here in northeastern Pennsylvania, we believe allowing this flexibility to expand and support affordable housing production and preservation and other community development activities outside of the assessment area will incentivize banks to invest in these high-need remote areas.
- **Weighting Retail and Community Development Tests:** We have concern that of the two proposed tests under the proposed rulemaking, the weighting of these standards will, unfortunately, lead to disincentivizing banks from securing an Outstanding on community development activities due to the weighting of the Community Development test. This places community development activities at a low tier and risks banks deprioritizing community development as a key factor to receiving the credit – running counter to the intent of the original legislation and decades worth of established practice and investment.

- **Public Input and Accountability**: We believe that enhancing the public input process when assessing a bank's meeting local needs is key to proper accountability. NWNepa, along with many of our local, regional, and national colleagues could provide valuable input in the assessment process, providing the local perspective needed to ensure accountability. We would appreciate a mechanism such as a public registry where we could sign up to be contacted regarding a bank's CRA performance in meeting community needs. In addition, the data collection requirements should include all large banks so that the public can access this data and participate in holding banks accountable to their CRA commitments. This would also allow us the opportunity to highlight and celebrate those banks that take their CRA commitments seriously and achieve the highest performance. A robust engagement with community organizations by the agencies will display a commitment to accountability from a diverse array of entities and allow public input to remain a prominent factor during CRA performance evaluations.
- **Availability of Data**: Finally, although we applaud the significant improvements in data collection requirements for community development activities, deposits, and automobile lending agencies' proposal, we encourage you to make the data publicly available. The proposed rule does not require all information to be made public, which will likely limit the accountability of the banks to the public, particularly when determining a bank's effectiveness in reaching underserved communities. Please expand data collection to all large banks as opposed to the current proposal which only applies to banks with assets of more than \$10 billion in the case of deposits and automobile lending.

We truly appreciate the opportunity to offer comments on the NPR and ways in which the CRA can be improved. The CRA has been a critical tool for ensuring that banks serve the credit needs of LMI people in northeastern Pennsylvania. We sincerely hope that the CRA will be strengthened through this process and hope that the agencies stick to the central mission of the CRA to help meet the credit needs of the communities that banks serve, including LMI neighborhoods.

Gratefully,



Jesse J. Ergott
President & CEO