

Community Reinvestment Act (CRA)

Notice of Proposed Rulemaking (NPR)

Update, summary, the consequences for community developers, and a plan for action.

Webinar partnership



FINANCIAL EMPOWERMENT NETWORK
change counts!



G is for Grassroots.
Sprouting from below.
Sharing nutrients, and waters' flow.
Below the surface we are all connected.
Stronger together.
We Grow.

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Agenda

- **Brief History of Redlining**
- **Community Reinvestment Act (CRA) Today**
- **Proposed Rule Summary**
- **Consequences for community organizations**
- **Strategy and Tactics**



Redlining – A brief history

Photo source: California Eagle Photograph Collection, USC Library

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CRA Today

Substance

- Focuses on bank branches (i.e. assessment areas)
- Lending, investments and services
- Performance context and **community responsiveness** is key

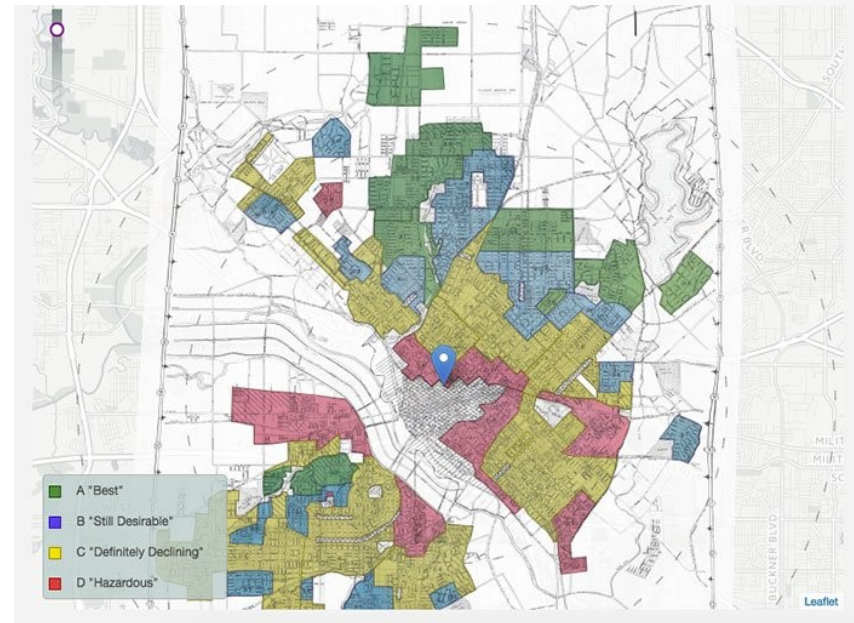


Photo courtesy of Dallas Magazine

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CRA Today

Process

- Statute vs. Regulation
- Three primary regulators
 - Office of Comptroller of Currency (OCC)*
 - Federal Reserve (Fed)
 - Federal Deposit Insurance Corporation (FDIC)
- Oversight Committees
 - House Financial Services
 - Senate Banking
- 1995 was last coordinated update
- OCC released final rule in 2020



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What needs updating

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Why now?

Current

Why it's outdated

Assessment areas only around physical branches	Does not consider online banking branchless banks or non-physical branch activity
Banks only know they get credit after an investment is made	All want more certainty about what gets credit
Examiners have a LOT of discretion over exam grades	There's a desire to make the exams more quantitative and consistent
CRA does not explicitly address issues around race	Can it or should it given the national environment?

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Consequences for the Financial Empowerment Field

- What types of volunteerism should banks get credit for CRA purposes?
- Should *all* financial coaching by bank employees get CRA credit? Or only coaching targeted to low-income or other specific groups of people?
- Should quantifying CRA incentivize larger investments and discount the importance of community impact and grant dollars?

Next Steps

- Federal Reserve ANPR closed on February 16, 2021
- Proposed Rule anticipated by end of 2021
- Consolidated approach among regulating agencies?
- NACEDA's continued interest and attention

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Open minds Operate best.
Critical thinking Over tests.
Wisdom can't be memorized.
Educate! Agitate! Organize!



- Submit questions via the chat box **OR** email fwoodruff@naceda.org
- Regular updates at www.naceda.org/cra