

Congress of the United States
Washington, DC 20515

March 6, 2018

The Honorable Jerome H. Powell
Chairman
Board of Governors of the
Federal Reserve System
20th St and Constitution Ave, NW
Washington, D.C. 20551

The Honorable Stephen T. Mnuchin
Secretary
Department of the Treasury
1500 Pennsylvania Ave, NW
Washington, D.C. 20220

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th St, NW
Washington, D.C. 20429

The Honorable Joseph M. Otting
Comptroller
Office of the Comptroller of the Currency
400 7th St, SW
Washington, D.C. 20219

Dear Chairman Powell, Secretary Mnuchin, Chairman Gruenberg and Comptroller Otting:

We write to you regarding Community Reinvestment Act (CRA) regulations, interpretations and supervisory examination practices. While the CRA promotes the laudable goal of ensuring federal depository institutions serve all members of the communities in which they are chartered, current CRA regulatory practices have not evolved with the financial services industry. We support the ongoing review of existing CRA regulations, and respectfully encourage revisions to CRA regulations that emphasize modernization and accessibility.

Consumers' needs and the landscape of the financial services industry have changed dramatically in the forty years since the CRA became law. Despite limited changes to CRA practices on an interagency basis since the regulatory reforms made in the mid '90s, the CRA regulations do not adequately account for the immense technological development over the past two decades. Providing greater flexibility to banks to meet community needs, as well as updating regulation for advances in technology, will contribute to improving outcomes for communities and consumers.

Under current guidelines, CRA evaluations are often excessively drawn out and have ambiguous benchmarks for what may constitute a 'satisfactory' rating or higher. Delayed examination results from previous years are often not reflective of the banks' currently-pursued CRA activity, and yet are used as current assessments for conducting current business. Additionally, while a particular service, loan, or investment may receive credit at one bank, it may not at another. Further, some banks have been able to obtain feedback from their regulators regarding whether a service, loan, or investment will receive CRA credit, but others have not. The resulting uncertainty from these practices leaves banks with little confidence that their pursued CRA-related activities will lead to an examination grade necessary to engage in other types of banking activities, such as mergers and acquisitions. New regulations should be timely

and predictable, so that consumers and banks alike will have greater accessibility to economic growth.

The limitations of CRA can also operate to the detriment of rural communities. For example, banks that do not have a traditional branch network and interact with the consumer through online channels should be provided flexibility for their assessment area and should be provided an opportunity to find underserved communities in all demographic areas, including the many financially distressed rural markets. Additionally, banks that consistently meet or exceed consumer CRA-related needs in areas with highly-concentrated and overlapping assessment footprints should also be afforded the opportunity to find underserved customers in other geographic areas.

Additionally, the CRA and its related regulations state that banks, not their regulators, shall define one or more geographic assessment areas within which examiners will evaluate CRA compliance. However, we understand that there is a growing trend of examiners taking it upon themselves to define geographic assessment areas during CRA examinations. We believe that banks, not their regulators, are in the best position to define geographic assessment areas based on the markets they are able to serve. The requirements in the statute are clear and must be observed.

Finally, any new or revised CRA regulations should focus on consistency and transparency, and take into account the business model of institutions. CRA regulators should be consistent in the application of regulation during their assessments, communicative during and after examinations, and able to provide explanations for scoring downgrades that result from an examination. Additionally, while objective standards should regulate the CRA, the business model and size of institutions should be taken into account during assessments.

Thank you for taking on the task of reforming Community Reinvestment Act regulations. We encourage your agencies to work collaboratively to use your respective authorities to modernize the CRA, and look forward to working with your agencies to ensure that the CRA continues to be an effective tool for assisting overlooked and underserved communities.

Respectfully,



Scott R. Tipton
Member of Congress



Barry Loudermilk
Member of Congress



Blaine Luetkemeyer
Member of Congress



Randy Hultgren
Member of Congress



Steve Pearce
Member of Congress



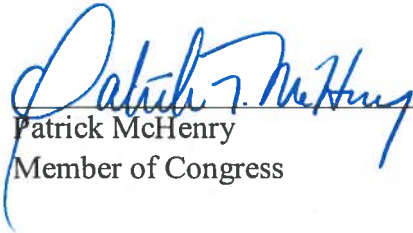
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Steve Stivers
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Ted Budd
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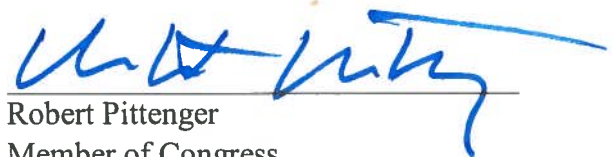
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