



August 10, 2020

Chair Jelena McWilliams
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Board of Governors Chair Jerome H. Powell
Board of Governors of the Federal Reserve
1850 K St. NW
Washington, DC 20006

Re: Adoption of Office of the Comptroller of the Currency's Qualified Activities List

Chair McWilliams, Chair Powell:

The Consumer Bankers Association (CBA)¹ values your agencies' recent efforts towards Community Reinvestment Act (CRA) modernization. CBA supports the goals of CRA, and believes banks have an affirmative obligation to help meet the credit needs of their communities, including low- and moderate-income (LMI) areas. CBA was an active participant throughout the Office of the Comptroller of the Currency's (OCC) modernization efforts and believes there are opportunities to homogenize the complex CRA rules among each of your agencies.

To help increase certainty and transparency throughout the CRA process, CBA urges each of your agencies to adopt the OCC's list of qualifying activities for CRA.² Stakeholders agree the best way to effectuate CRA policy is through consistency in its treatment among each of the prudential regulators. While the OCC released their final CRA rule, CBA understands the great lengths each of your agencies has undergone to modernize CRA. We recognize each of your agencies are still moving forward on CRA modernization efforts, and greatly encourage you to continue to examine how best to update this decades old statute. Absent updated final rules from each of your agencies on CRA, CBA encourages you to adopt the OCC's list of qualified activities as outlined in their final rule.

For far too long, CRA has been an overly subjective process. Often, banks are unsure as to whether an activity will qualify for CRA consideration until long after they have conducted the activity, or worse, passed on it due to this ambiguity. Yet each year, banks invest over \$500 billion in LMI areas despite this uncertainty.

¹ The Consumer Bankers Association is the only national trade association focused exclusively on retail banking. Established in 1919, the association is now a leading voice in the banking industry and Washington, representing members who employ nearly two million Americans, extend roughly \$3 trillion in consumer loans, and provide \$270 billion in small business loans.

² See 12 C.F.R. § 25.05(a).

The CRA framework as it exists today puts far too much power in the hands of an individual examiner, which creates an inconsistent and opaque CRA regime. What qualifies for CRA consideration should not be decided by the few behind closed doors. CBA believes the publication of a list of CRA qualifying activities on the OCC's website is a positive development in creating a more objective and transparent CRA regime, and we encourage your agencies to do the same.

As the OCC has stated, this list is not meant to be an exhaustive account of all activities that qualify for CRA consideration, but instead an illustrative record of activities banks can rely on for consideration. Creating and maintaining such a list will help banks operate their CRA portfolios with more certainty and allow community groups to better understand CRA qualification requirements, which in turn will result in more comprehensive and expansive CRA programs across the nation.

This increased certainty and transparency would greatly serve the banks that each of you primarily supervise. Often, banks partner on CRA activities, or may assist other banks in the funding and development of various CRA activities. Disparities between the three prudential regulators on what will qualify for CRA credit may discourage bank partnerships, and result in less CRA activity across the country.

CBA believes absent final rules covering the whole of CRA modernization from each of your agencies, adopting illustrative lists of activities which will qualify for CRA credit will greatly help in bringing objectivity and transparency to CRA compliance. We encourage you to publish similar illustrative lists on your agency websites, and issue guidance instructing examiners to use it moving forward in determining qualifying CRA activities. Further, we emphasize to best create a more objective and transparent CRA regime, each of your agencies should adopt lists consistent with what the OCC has published. Adopting consistent lists will create a more transparent CRA framework while encouraging new and developing CRA activities.

CBA greatly appreciates your commitment to serving communities across this country and the great strides you have made in CRA modernization. If you wish to discuss these issues with our members, please do not hesitate to reach out if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Richard Hunt". The signature is written in a cursive, flowing style.

Richard Hunt
President and CEO
Consumer Bankers Association