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RE: Proposed Changes to the Community Reinvestment Act

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OPAL Community Land Trust opposes the proposed changes to the Community Reinvestment Act (CRA) because they would result in significantly fewer loans, investments and services to low- and moderate-communities.

OPAL serves the rural community of Orcas Island in Washington State. Thanks to the CRA, two of our local banks have worked with us on projects that they otherwise would have passed over. Islanders Bank agreed to a fixed-rate mortgage loan when they generally only make adjustable rate mortgage loans. And Washington Federal partnered with OPAL to provide construction and permanent financing for a Low Income Housing Tax Credit funded rental project.

The proposed changes to the CRA dramatically and irresponsibly expand what activities would be eligible for CRA credit. Switching to a “non-exhaustive list” of eligible activities that include activities that have nothing to do with intent of the CRA.

Also, the proposed rule institutes a single ratio to assess how banks serve communities. This single-ratio approach completely disregards whether the community development and financial needs of the community are being served by the bank or its investments.

Further, the rule proposes that a bank must meet investment benchmarks in only a “significant portion” of its assessment areas in order to receive a satisfactory or outstanding rating. The rule suggests that a “significant portion” be defined as something more than 50 percent. That approach would legalize and encourage redlining! That is just plain wrong.

CRA was originally enacted to end redlining. The first goal of CRA modernization should have been to prioritize the problem CRA was intended to fix. No matter what CRA modernization looks like, AT LEAST make sure we are preserving the original intent.

Sincerely,



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