



Your growth is our business.

March 6, 2020

Comptroller Joseph M. Otting
Comptroller of the Currency
Comp 400 7th Street, SW
Washington, DC 20219

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

Docket No. OCC-2018-0008

Dear Comptroller Otting and Chair McWilliams:

The Women's Business Development Center ('WBDC') submits these comments in response to the OCC/FDIC's Notice of Proposed Rulemaking (the "Proposal") regarding the Community Reinvestment Act ('CRA'). WBDC opposes the proposed changes to the CRA regulations. The changes proposed by the OCC and FDIC lessen the public accountability of banks to their communities by proposing unclear performance measures on CRA exams that would not accurately measure a bank's responsiveness to local needs. Contrary to assertions that proposed changes would increase clarity and CRA activity, we believe that the result will be significantly fewer loans, investments, and services to low- and moderate-income ('LMI') communities.

The WBDC serves clients from all walks of life with a focus on women, minorities and veterans, the majority from LMI communities in the Greater Chicagoland area. Since its inception in 1986, the WBDC has served over 90,000 clients, held 13,500+ entrepreneurial training workshops, secured over \$98.5 million in financing for women and minority-owned businesses, facilitated more than \$1 billion in government and corporate contracts, and certifies over 2,000 Women's Business Enterprises annually. Our extensive experience in the communities we serve gives us a unique view of the entrepreneurial ecosystem and the hurdles small businesses face.

It is our view that there are not enough CDFI's in the Greater Chicago Area to serve small businesses, creating an exacerbated supply and demand issue. A direct result of the demand/supply problem is that local CDFI's have moved up the credit curve thereby reducing the capital pool available for micro lending to small businesses in LMI communities. Converting the proposed CRA-activity test to a quantitative dollar-based metric, as outlined in the proposal, will be further detrimental to the small business communities we serve. The test will incentivize banks to make investments in large multi-million-dollar projects and ignore small, impactful loans that keep small businesses afloat in LMI communities.

And, that is just half the problem. Based on our experience with the WBDC's small business micro lending program as well as our work placing debt with alternative providers of capital for small businesses, there simply isn't enough higher-level business and financial technical assistance supporting small business owners to successfully pursue credit from any type of provider of debt capital. The proposed rules would dramatically lessen CRA's focus on and investment in LMI communities.

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We urge the agencies to enact reforms that would increase bank activity to small businesses in underserved neighborhoods. This deeply flawed proposal would result in less lending, investing, and services for communities that were the original focus and intent of the Congressional passage of CRA in 1977. The CRA is one of the only tools we have to help ensure that banks meet the needs of our clients and communities. Modernization or simplification must preserve what works under the CRA. We agree with Federal Reserve Gov. Brainard who recently observed that one of the “core strengths” of the CRA is creating an ecosystem that “encourages banks to engage on the priorities identified by local lenders.”

To protect the CRA ecosystem and the financial institutions, nonprofits, and LMI communities within it, we urge you to suspend the rulemaking process, invite the Federal Reserve bank to the table, and release a proposal only when all three regulators are on the same page. This approach is in the best interests of the banks, the community, and the regulators.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Emilia DiMenco
President and Chief Executive Officer