

**From:** Hollingsworth, Torey <Victoria.Hollingsworth@daytonohio.gov>  
**Sent:** Thursday, April 02, 2020 1:56 PM  
**To:** Comments  
**Subject:** [EXTERNAL MESSAGE] RIN 3064-AF22  
**Attachments:** CRA Comment from Dayton City Commision Informal Resolution No. 977-20.pdf

The attached resolution should be considered the comment of the Dayton City Commission on RIN 3064-AF22. Thank you.



**Torey Hollingsworth**

Senior Policy Aide to Mayor Nan Whaley

Office of the Mayor | City of Dayton

101 W Third Street | Dayton, Ohio 45402 | [www.daytonohio.gov](http://www.daytonohio.gov)

Office 937.333.3590 | Fax 937.333.4297

**#DaytonCounts** [2020CENSUS.GOV](http://2020CENSUS.GOV)

This message and any response to it may constitute a public record and thus may be publicly available to anyone who requests it.

**AN INFORMAL RESOLUTION**

To Urge Federal Regulators to Reconsider Certain  
Proposed Changes to The Community  
Reinvestment Act.

**WHEREAS**, The Community Reinvestment Act ("CRA") was a landmark civil rights law passed in 1977 to end discrimination that was once legal and common in America's banking and housing markets; and,

**WHEREAS**, Data shows that credit access is still challenging for low- and moderate-income people and borrowers of color in Dayton; and,

**WHEREAS**, The CRA states that "regulated financial institutions have continuing and affirmative obligations to help meet the credit needs of the local communities in which they are chartered"; and,

**WHEREAS**, Since 1996, according to analysis of bank lending data by the National Community Reinvestment Coalition ("NCRC"), CRA-covered banks issued almost 29 million small business loans in low- and moderate-income tracts, totaling \$1.156 trillion, and \$1.179 trillion in community development loans that support affordable housing and economic development projects benefiting low- and moderate-income communities; and,

**WHEREAS**, Studies have found that CRA-covered home lending is safer and sounder than non-CRA covered lending; when a larger share of lending is issued by CRA-covered banks than by independent mortgage companies, a neighborhood experiences lower delinquency rates and less risky lending; and,

**WHEREAS**, The CRA establishes a regulatory regime for monitoring the level of lending, investments, and services in low- and moderate-income neighborhoods traditionally underserved by lending institutions; examiners from three federal agencies assess and "grade" a lending institution's activities in low- and moderate-income neighborhoods; and,

**WHEREAS**, If a regulatory agency finds a financial institution not serving these neighborhoods, it can delay or deny that institution's request to merge with another lender or to open a branch or expand any of its other services; the financial institution regulatory agency can also approve the merger application subject to specific improvements in a bank's lending or investment record in low- and moderate-income neighborhoods; and,

**WHEREAS**, A financial institution's CRA grade can be downgraded if a federal agency uncovers evidence of illegal, abusive or discriminatory lending on their fair lending exams that occur at about the same time as CRA exams; and,

**WHEREAS**, Despite the tremendous benefits of CRA to communities, the full potential of CRA has not been realized because it has not been updated to take into account changes in the banking industry and the economy; and,

**WHEREAS**, Notwithstanding the need to modernize CRA, proposed changes from federal regulators threaten to weaken instead of strengthen the law; and,

**WHEREAS**, Regulators are proposing that banks would no longer be graded on every geography where they lend or receive a significant percentage of their deposits; this could allow banks to cherry-pick where they lend – and where they can ignore the credit needs of distressed and vulnerable communities; and,

**WHEREAS**, Regulators are also proposing a presumptive rating which would mainly consist of the dollar amount of a bank's total CRA activities divided by the bank's total deposits. People with low- and moderate-incomes and small businesses frequently need for smaller sized loans, and moving to a dollar volume approach would encourage larger deals at the expense of underserved borrowers the law was designed to protect; and,

**WHEREAS**, The proposed changes would also shift CRA's focus away from the low- and moderate-income families and communities the law was originally intended to serve by counting the financing of sports stadiums and other activities that do not benefit low- and moderate-income people towards a bank's CRA obligation; and,

**WHEREAS**, Smaller, weak-market cities like Dayton could be disproportionately affected by the proposed changes allowing banks to fail in half of the markets they take deposits from and still pass their CRA performance evaluations because this will allow banks to pick and choose where they proactively support the credit and capital needs of people with low- and moderate-incomes; and,

**WHEREAS**, Dayton has already lost a substantial number of bank branches in low- and moderate-income communities and the new proposed scoring system will radically devalue the importance of maintaining branches in these neighborhoods, despite strong evidence that branches are still heavily used by households with lower incomes; now, therefore,

**BE IT RESOLVED BY THE COMMISSION OF THE CITY OF DAYTON:**

**Section 1.** That the Dayton City Commission supports efforts to modernize the CRA, but not relax or undermine the law's goal and intent.

**Section 2.** That the City of Dayton opposes regulators efforts to raise bank thresholds and exempt more banks, such as intermediate-small/mid-sized banks, from examination of their community development lending and investments.

**Section 3.** That the City of Dayton supports modernizing CRA to apply it to non-bank institutions including mortgage companies, financial technology companies, and credit unions.

**Section 4.** That the City of Dayton opposes regulators efforts to water down the penalties under CRA for fair lending-related discrimination.

**Section 5.** That the City of Dayton supports a CRA with a clearly-defined grading system that emphasizes lending, bank branches, fair lending performance, and responsible loan products for working class families.

**Section 6.** That the City of Dayton will support efforts to hold a bank accountable if it fails its CRA exam, or wishes to acquire a bank with a better CRA grade, and urge agencies to recognize and encourage community benefit agreements and efforts that motivate banks to make more loans, investments, and services available to traditionally underserved communities.

ADOPTED BY THE COMMISSION...**Mar....18**.... 2020

SIGNED BY THE MAYOR.....**March 18**....., 2020

  
Mayor of the City of Dayton, Ohio

Attest:

  
Clerk of Commission

Approved as to form:

  
City Attorney