

How Can CRA Be Used to Meet the Financial Needs of Low- and Moderate-Income People with Disabilities?

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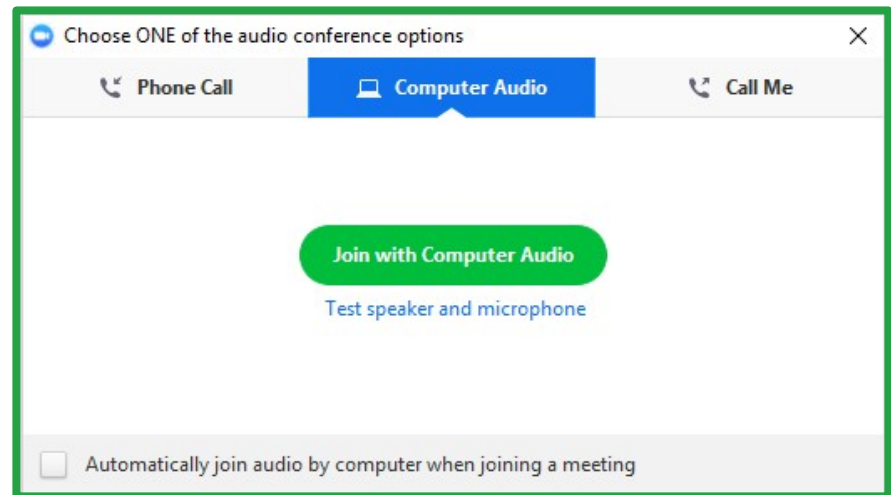
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Center for Disability-Inclusive Community Development (CDICD)

Goal:

To improve the nationwide financial well-being
of low- and moderate-income (LMI)
persons with disabilities and their families.

Primary Purposes

- To raise broad awareness within the disability community about the opportunities for capacity building available through investment, lending and services offered by banking institutions as part of their CRA responsibilities; and
- To foster greater connectivity between the financial services sector and the disability consumer and service provider communities well suited to collaborate on inclusive community development activities.

Principal Outcomes to Be Achieved



- Community-based disability service organizations will gain a better understanding of the investment, lending and service opportunities open to them as they consider how to best fashion CRA-qualifying community development activities meeting the unique needs of LMI people with disabilities.
- Financial institutions will be better equipped to recognize and evaluate disability-related community development proposals as CRA-qualifying projects and activities.
- Federal regulators will be better prepared to evaluate financial institutions' CRA performance in a way that is truly disability inclusive.

Audiences to Be Served



Five principal constituencies will be actively involved in and served by the Center:

- 1. LMI Persons with Disabilities:** Access to mainstream financial services that will allow individuals to improve financial stability and mobility will be enhanced by Center activities.
- 2. Financial Institutions:** The Center will increase access to a growing market share that is more likely to be unbanked or underbanked or have access to a savings account. Technical assistance will be available to support financial institutions in identifying and developing their Performance Context in primary assessment areas and connections to nonprofits that support LMI persons with disabilities and their families.

Audiences to be Served (continued)



- 3. Community-Based Organizations Serving LMI Persons with Disabilities and Their Families:** Technical assistance from the Center will result in support of CRA projects that increase funding and capacity to build the financial well-being of LMI persons with disabilities and their families.
- 4. Community-Based Organizations Serving LMI Populations Generally:** Technical assistance from the Center will support community-based organizations serving LMI populations to expand their programs to include persons with disabilities and their families.
- 5. Federal Regulators of Financial Institutions:** Offer guidance to federal regulators about inclusive community development and data identifying LMI persons with disabilities and neighborhoods to assist financial institutions in meeting their CRA obligations.

How Can CRA Be Used to Meet the Financial Needs of Low- and Moderate-Income People with Disabilities?

DORY RAND, PRESIDENT

AUGUST 21, 2019

NATIONAL DISABILITY INSTITUTE WEBINAR



*Advancing Economic Security
and Community Prosperity*

WOODSTOCK INSTITUTE

- Founded in 1973 by the Scheinfeld family in Woodstock, Illinois, as a conference center
- U.S. Senator William Proxmire's staff visited in drafting the Community Reinvestment Act (CRA)
- Incorporated as a 501(c)3 nonprofit and moved to Chicago Loop offices
- Mission: Create a just financial system in which lower-wealth people and communities and people and communities of color can achieve economic security and community prosperity
- Research, Policy, Coalitions, and Technical Assistance



ACCESS TO CREDIT AND WEALTH GAP

- Access to safe and affordable financial products is critical to building wealth
- Most Americans' biggest asset is home equity
- Other ways to build assets: own a small business; acquire higher education; and save for retirement
- Lack of access exacerbates the wealth gap between whiter, wealthier groups and protected classes such as people of color, women, people with disabilities and older adults



COMMUNITY REINVESTMENT ACT

- Congress enacted CRA in response to redlining and capital export (LMI deposits for MUI lending)
- Banks have an affirmative obligation to serve the credit and financial needs of low- and moderate-income people and communities and to comply with consumer/fair lending laws
- Regulators examine banks periodically and issue ratings of Outstanding, Satisfactory, Needs to Improve or Substantial Noncompliance
- Examiners look at lending, investments and retail banking/community development services
- Satisfactory overall rating may affect a bank's ability to open or close branches, merge with or acquire another bank (M&A) and reputation



CRA INFORMATION AND ALLIES

FFIEC.gov

- CRA statute
- Interagency CRA rules, Q&A
- CRA Performance Exams (PEs)

Prudential Regulator Websites

- Federal Reserve Board of Governors ([federalreserve.gov](https://www.federalreserve.gov))
- Office of the Comptroller of the Currency ([occ.treas.gov](https://www.occ.treas.gov))
- Federal Deposit Insurance Corporation ([fdic.gov](https://www.fdic.gov))

National Community Reinvestment Coalition

- ([NCRC.org](https://www.ncrc.org)) leads CRA work, > 600 members
- Research and policy team; Regional Organizers
- Annual conference in DC (April 27-29, 2020)
- NCRC Board members lead local coalitions



CRA PUBLIC INPUT

- At any time to bank CRA file or to regulator
- “Community contacts” by CRA examiners
- Comments in connection with CRA exams
- Comments on CRA performance and community needs in M&A context
- Comments on branch closings
- Comments on fair lending, accessibility
- NCRC publishes quarterly lists of upcoming CRA exams, M&As and branch closings to members



CRA CAN BE USED TO GET CBAs

- Community groups and banks enter into Community Benefit Agreements (CBAs) voluntarily or as a condition of approval of M&A
- CBAs happen most often in M&A context
- Bank One/1st Chicago merger in 1998 produced a 6-yr, \$4.2B CBA; Access Living was on Chicago CRA Coalition negotiating team led by Woodstock Inst.
- Recent NCRC CBAs: B&T/SunTrust (\$60B/3 yrs); Huntington (\$16B/5 yrs); KeyBank (\$16B/5 yrs).
- Other CBAs: after downgrade, Fifth Third Bank (\$30B/5 yrs), plus \$2B with MB Financial acquisition



CRA CAN LEVERAGE INVESTMENTS

Groups serving low- and moderate-income people and communities can get grants or investments

- Financial education and asset-building programs
- Housing counseling and foreclosure prevention
- Workforce development and training
- Affordable housing development, rehab, loan pools
- Entrepreneurship training and advice
- Research reports, Data Portal, Technical Assistance
- Programs serving LMI people with disabilities
- Age-friendly banking for older adults
- Investments in CDFIs, patient capital



CRA ADVOCACY OPPORTUNITIES

- CRA rules modernization
- CRA statute changes
- CRA and financial innovation
- *Closing the Disability Gap: Reforming the Community Reinvestment Act Regulatory Framework* (Michael Morris, et al., Georgetown Journal on Poverty Law and Policy, Volume XXVI, Number 3, 2019)
- Particular products and services
 - BankOn accounts
 - Home modification and assistive technology loans
 - ADA-compliant websites, facilities, ATMs, phones
- Municipal strategies: FACED in Chicago; CFE Fund



BANK PARTNERSHIPS

- Banks want to partner on initiatives for which the bank will receive CRA credit; usually require documentation/reports
- Must primarily (>51%) benefit LMI people or areas
- Program/impact should be in bank's assessment area (AA); can be outside of AA if AA community needs have been adequately met
- Banks often look for opportunities for staff to volunteer or serve on the NPO board
- Banks appreciate public recognition
- Some banks have only specific funding areas



CRA RULES MODERNIZATION

- August 2018: OCC ANPR on CRA
- Interagency CRA rules expected in 2019
- Remain true to legislative intent; do not expand beyond activities reasonably related to LMI and financial services
- Adopt consistent rules and enforcement across OCC, FRB and FDIC
- Increase clarity and certainty
- Adapt to changes in industry/technology
 - Assessment areas
 - Branches



FRB REPORT ON PUBLIC FEEDBACK

- “Community group participants stressed the importance of maintaining a focus on physical branches and continuing to evaluate the geographic distribution of bank branches, even as banks expand their online presence.”
- “...[T]hink more broadly about underserved populations and focus more on people than geography. ...[T]he elderly, racial minorities, immigrants, students, veterans and the physically and mentally disabled are also populations that are underserved by the banking system. ...[S]ome ... thought that the CRA should be revised to include an explicit racial lens.”



CRA STATUTE MODERNIZATION

- Level the playing field by extending CRA obligations to non-bank and fintech lenders
- Define assessment areas Affordable Housing and Economic Mobility Act (S.787; H.R.1737)



FINTECH CONCERNS

- Financial technology (fintech) can help make financial services more accessible to underserved areas and persons, including people with disabilities
- Technology can bring us closer to real-time payments; there is a role for government
- Not everyone has access to/ability to use tech
- Major concerns about fair lending violations through use of AI, machine learning, alt. data
- Serious concerns about privacy, security based on numerous data breaches (Equifax, Capital One)
- “Sandbox” policies that waive legal obligations



CONTACT INFORMATION:

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Further Information

- [Closing the Disability Gap: Reforming the Community Reinvestment Act Regulatory Framework](#)
- [NCRC's "Treasure CRA"](#)
- [Effects of the Community Reinvestment Act \(CRA\) on Small Business Lending – by Atlanta Fed's Raphael Bostic](#)
- [Are Credit Markets Still Local? Evidence from Bank Branch Closings](#)

Q&A Community Groups



1. Where would a community group begin to become involved with a bank in their physical footprint to learn more about ...
 - Current bank evaluation report from regulators,
 - Lead community development staff to explore lending, service and/or investment opportunities of mutual interest in LMI neighborhood, and
 - How to communicate unmet LMI needs in their physical footprint?
2. How can a community nonprofit explore bank pro bono activities of mutual interest?

Q&A Federal Regulators (continued)



3. CRA is about LMI populations. Can you explain in more depth what bank examiners do to evaluate access to investments, lending and services for discrete subpopulations such as people with disabilities?
4. Is data available from regulators or banks on what has qualified for CRA credit? How can you access the data?
5. Are there significant changes that federal regulators might make that would make more data available to assess a bank's CRA performance?
6. To become involved in the CRA evaluation process, can you explain more about what is most helpful to include in written comments?

Q&A Bank Performance



7. It would be useful to learn more about what is meant by a bank's performance context. Would you explain how both banks and their regulators determine what a given bank's performance context consists of? How does a bank's performance context figure into a bank's CRA performance evaluation?
8. Most banks receive a satisfactory rating, over 90%. Given banks are already getting satisfactory ratings for their CRA work, what are the most effective strategies to encourage banks to do more with disability-inclusive community development?
9. Can you explain more about the bank evaluation ratings assigned by regulators? If a less than high rating is reported, what opportunities are there to have community groups seek a new level of investment, lending and/or service?

Q&A Bank Services in Communities



10. If banks have announced merger plans in your community, how do individuals and/or organizations communicate with the banks and/or regulators about concerns on reduced physical presence and/or services?
11. If you have an interest in learning more about a bank's CRA activities in your community, what are three things you would do?
12. With movement of banks to expand service beyond their physical footprint, what role can CRA play to improve service access to underserved LMI populations with disabilities?
13. Do banks and regulators offer training to help community groups understand CRA responsibilities and community engagement?

Q&A Other



14. If I am an entrepreneur with a disability, how might I get a bank's attention for CRA investment? Would I do better to work through some sort of intermediary organization that is focused on small business development and already has bank support?
15. With the Fed announcement about the development of a real-time retail payment infrastructure with nationwide reach, what will be the impact on banks? On LMI populations?
16. In closing, if your nonprofit is new to exploring CRA collaborations with a bank, what are three steps you would do first?

Advisory Workgroup



NDI is proud to announce that our Board Chair, Janet Hamer, retired community development specialist with the Federal Reserve Bank of Atlanta, will serve as co-chair of a newly created workgroup to guide the Center's future direction. Joining her as co-chair will be Tom Stokes, retired Regional Manager of Community Affairs of the Atlanta Region of the Division of Depositor and Consumer Protection (DCP) of the Federal Deposit Insurance Corporation (FDIC).

Other members of the workgroup to be invited will represent financial institutions of varying size and geographic reach, as well as leaders in the disability community.

An advisor from each of the three federal regulatory agencies with CRA oversight will also provide support to NDI and the advisory workgroup.

If you are interested in participating in the workgroup, please email Hope Price, (hprice@ndi-inc.org). The workgroup will begin meeting in September on a bi-monthly basis.

CDICD September Webinar



The Role of Federal Regulators in Bank Monitoring to Meet the Requirements of CRA

September 18, 3-4:30 pm ET

- **Jessica Farr**, Manager of Examinations, Federal Reserve Bank of Atlanta
- Paul Ginger, Community Affairs Officer, Office of the Comptroller of the Currency (OCC)

Keep an eye out for the registration link at:

<https://www.nationaldisabilityinstitute.org/events/>

Thank You!



To learn more about the Center for Disability-Inclusive Community Development, please visit

<https://www.nationaldisabilityinstitute.org/disability-inclusive-community-development/>

For more information about the Center, please contact:

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