



National Tribal Listening Session on Community Reinvestment Act Modernization

Overview of ANPR goals and proposals
January 21, 2021

Agenda

- Introduction
- What is CRA?
- Indian Country and CRA
 - Examples of CRA Activity in Indian Country
- CRA Modernization
 - Questions focused on Indian Country
- Audience questions and feedback

Purpose of the Listening Session

- We are currently in the public comment period for the Advanced Notice of Proposed Rulemaking (ANPR) for CRA Modernization
 - We are here to learn from Indian Country leaders, review the ANPR, and encourage you to provide public comment on CRA modernization
 - CICD is working to gather Indian Country feedback on CRA Modernization
 - The Fed wants to improve CRA as a regulatory framework to encourage capital and credit flow into Indian Country

Key Questions for Indian Country

- What are the capital, credit, and community development needs in Indian Country?
- What are the biggest barriers to accessing lending and financial services in your community?
- If your community had better access to lending and financial services, which services would be the most impactful?
- What has your tribal government's experience been with engaging financial institutions on large infrastructure projects?

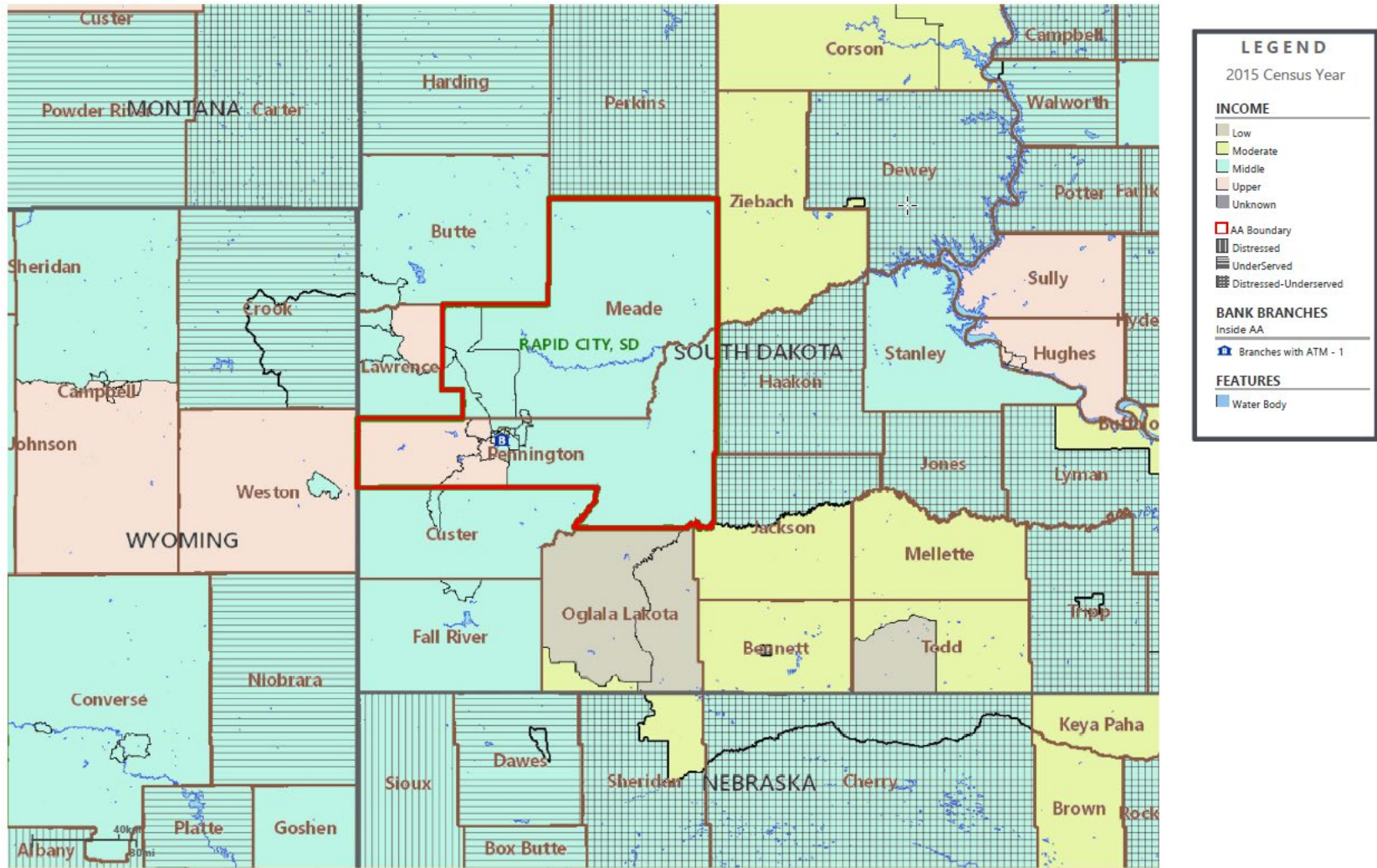
What is CRA?

- The Community Reinvestment Act (CRA) is a seminal piece of legislation enacted by Congress to address systemic inequities in access to credit
 - CRA requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business
 - CRA and access to credit serve as the foundation for the Federal Reserve's community development work and the CICD

What is CRA?

- CRA is enforced in part through bank examinations by the regulators
 - Bank evaluations are public and include facts and data to support the regulator's conclusion
 - Examiners consider a bank's performance context, including demographic data on incomes, cost of living, and overall economic climate
 - Banks are evaluated by activities with certain criteria, with different tests for small, intermediate small and large banks
 - Assessment areas define community for the purpose of evaluating CRA performance

What is CRA?



Indian Country and CRA

- Tribes and Native Americans face enormous credit and capital access challenges
 - The COVID-19 pandemic has put a tremendous strain both on tribal communities and tribal economies
 - Access to financial institutions means access to a range of investments and services, including ATM and bank branch access for tribal members as well as larger loans for major tribal projects
 - Tribal nations face large infrastructure challenges, including needs in water systems, transportation, and broadband internet

General Examples of CRA Activity in Indian Country

- Grants, Donations, and Investments
 - CRA investments in community organizations
 - Investment in a Native CDFI
- Loans and Lines of Credit
 - Construction loan to a tribal housing authority
 - Operating lines of credit for a tribal enterprise
- Services
 - Technical assistance
 - Financial literacy programs

Specific Examples of CRA Activity in Indian Country

- Hunting lodge in Montana
- New Market Tax Credit (NMTC) deal for tribal wellness center
- Down payment assistance capital pool for Alaska Native homebuyers

CRA Modernization: Objectives

- Strengthen regulations in alignment with CRA statute to promote financial inclusion and to ensure a wide range of LMI banking needs are being met.
- Update standards in light of changes to banking over time, including mobile and internet banking.
- Provide greater certainty, tailor regulations, and minimize burden
- Provide a foundation for the agencies to converge on a consistent approach for a modernized CRA that has broad support among stakeholders

CRA Modernization: Qualifying Activities

Goal: *Increase certainty about what counts for CRA consideration and retain focus on activities that benefit low- and moderate-income communities*

- **Foster greater financial inclusion:**

- Special provisions for minority depository institutions, women-owned financial institutions, low-income credit unions, and CDFIs
- Broaden consideration to retail activities in Indian Country both inside and outside of a bank's assessment area
- Designate certain activities as impactful and responsive, such as housing for *very* low-income households and activities with *very* small businesses and minority-owned small businesses

- **Provide greater certainty to what counts in advance:**

- Clearer definitions of affordable housing, community services, economic development, and revitalization and stabilization
- Publication of a non-exclusive illustrative list and a pre-approval process

CRA Modernization: Qualifying Activities

Affordable Housing

- Should the Board specify certain activities that could be viewed as particularly responsive to affordable housing needs? If so, which activities?

Economic Development

- How could the definition be revised to provide incentives for engaging in activity with smaller businesses and farms and/or minority-owned businesses?

Revitalization and Stabilization

- How should an updated CRA exam incorporate larger “essential community needs and infrastructure” investments (e.g. roads and hospitals)?

CRA Modernization: Qualifying Geographies

Goal: *Increase certainty as to where activities will be assessed and expand where activities will receive CRA consideration to foster financial inclusion*

- **Indian Country Eligibility and CRA Modernization**

- Should financial institutions get CRA consideration for activities in Indian Country that are outside their assessment areas?
- How would expanded CRA eligibility affect access to credit and financial services in your community?

CRA Modernization: Impact Scores

How should regulators evaluate the impact of CRA activity in Indian Country?

- Would qualitative measures of the impact and responsiveness of proposed CRA activity help attract appropriate credit and investment?
- Should Indian Country credit and investments be scored with multipliers or other mechanisms for additional recognition of the need in tribal communities?
 - If so, which activities should be considered high impact?

Comment Period

Goal: *Build a foundation for the banking agencies to converge on a consistent approach that has the broad support of stakeholders*

- **ANPR:** <https://www.federalregister.gov/documents/2020/10/19/2020-21227/community-reinvestment-act>
- **120 day comment period:**
 - Comment deadline is February 16, 2021
- **Instructions on submitting comments (described in ANPR):**
 - **Comment page on Federal Reserve Board website:**
https://www.federalreserve.gov/secure/forms/ElectronicCommentForm.aspx?doc_id=R-1723&doc_ver=1
 - **Email:** regs.comments@federalreserve.gov. Include docket (R-1723) and RIN numbers (7100-AF94) in the subject line of the message.
 - **FAX:** (202) 452-3819 or (202) 452-3102.
 - **Mail:** Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

Key Questions for Indian Country

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