



PENN IUR POLICY BRIEF

# Modernizing the CRA (While Preserving Its Spirit)

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DECEMBER 2019



The Community Reinvestment Act (CRA) was part of a trilogy of laws in the late 1970s—alongside the Equal Credit Opportunity Act and Home Mortgage Disclosure Act—designed to overcome longstanding discrimination in mortgage markets, in particular the problem of redlining.<sup>1</sup> The CRA's original and continuing mandate is to ensure that banks meet the lending needs of both the people and the places where they take deposits. To encourage this, the CRA requires banks to designate assessment areas—without excluding underserved areas—in which examiners evaluate their activity.<sup>2</sup> Bank regulators consider this information in the approval process for bank mergers and acquisitions as well as for bank branching requests. The CRA incentivizes banks to engage with community stakeholders to fulfill their credit needs in order to strengthen the links between bank activity, profitability, and community development.<sup>3</sup>

In 2018, the Office of the Comptroller of the Currency (OCC) issued an advance notice of proposed rulemaking seeking comments on how CRA regulations should be modernized to more effectively serve community needs.<sup>4</sup> The OCC received 1,485 comment letters that were wide-ranging in their perspectives and prescriptions, and the agency plans to unveil an updated proposed rule in the coming weeks. Some proposed changes floated by the OCC in advance of the proposed rule have caused concern among key CRA stakeholders, including banks, low- and moderate-income (LMI) community members, and community development and civil rights advocates, as well as academics and some federal policymakers.<sup>5</sup>

This is not the first time regulators have sought to strengthen the CRA since its enactment in 1977. Reforms in 1995 shifted the focus from process-oriented evaluation to performance-based metrics.<sup>6</sup> This shift—together with newly required data disclosure (and consequent share-price and reputational effects) and an increase in acquisition and merger requests (and denials to several)—led to a surge in lending to LMI borrowers and underserved neighborhoods. Urban revitalization took off after 2000, alongside the swell in community reinvestment.<sup>7</sup> Many large cities that had experienced decades of population losses began to grow again. However, gentrification accompanied the turn-around. Rising rents and housing prices, particularly in large cities with strong job growth, have ushered in a new urban crisis marked by a lack of access to affordable housing.

Meanwhile, the rise of national banking, nonbanks, and the Internet has posed new challenges for implementing CRA regulations. The growth of national banks with branches across the country, nonbanks (which are not covered by the CRA and account for an increasingly large share of mortgage lending), and Fintech companies (which may have only one office, often in the Salt Lake City region) raise questions about the continued relevance of the CRA and, in particular, about the salience of the bank branch-oriented tests for whether banks are serving entire communities.

This Penn IUR brief summarizes the perspectives of experts on the CRA who spoke at an October 29<sup>th</sup> Penn IUR and Wharton PPI event in Washington, D.C. on the future of the CRA, as well as findings from several prominent academics available in the forthcoming edition of *Housing Policy Debate*. At this pivotal moment for the CRA, there are numerous disagreements among the key stakeholders on the specifics of how the law can be improved, but there are common themes uniting them. The first is that the CRA is still necessary.

## **IS THERE REALLY STILL A NEED FOR THE CRA IN THE 2020'S?**

Despite the new prosperity of cities, recent research demonstrates the persistency of discrimination and disinvestment that continue to afflict communities that were redlined in Home Owners' Loan Corporation (HOLC) maps nearly a century ago.

The CRA's "affirmative obligation" that it imposes upon banks to lend to each community in which they have a physical presence was designed to overcome the practice and the lingering effects of redlining. Notably, CRA evaluations rely heavily on examining borrower and neighborhood income. This turns out to be unfortunate, according to researchers Kevin Park and Roberto Quercia, because the current focus on income is too narrow.

Although there remains a strong correlation between current neighborhood income and historical redlining, neighborhood income is “an incomplete proxy for underserved geographies.”<sup>8</sup> There was an undeniable racial component to redlining, so conducting evaluations on the basis of income alone fails to strike at the heart of the problem. As Park and Quercia show, “Neighborhoods graded ‘Declining’ or ‘Hazardous’ by the HOLC in the 1930s continue to be associated with worse economic mobility and higher likelihood of default even after controlling for neighborhood income.”<sup>9</sup>

Park and Quercia also find that “CRA-regulated institutions lag the market in historically redlined neighborhoods. Local banks and thrifts would need to increase lending in [HOLC-designated] “C” and “D” graded neighborhoods by 20 to 27 percent (35 to 50 percent by dollar volume) to have the same market share as they have in “A” neighborhoods.”<sup>10</sup> The issues that drove the enactment of the CRA in 1977, therefore, remain—often (but not always) in the same communities. From this, we learn two things. First, CRA-regulated institutions are indeed operative in many of the places where there is real need, and the need is still there. The CRA has led to some increase in lending to LMI communities. This increased lending is, in the first place, laudable, but it has been criticized both by those who attest that the CRA has not achieved its potential and those who assert that the law has gone too far.

Some critics have suggested that the housing and financial crises of 2008 were, in part, a result of unsound underwriting standards implemented by banks intent upon meeting their CRA obligations.<sup>11</sup> This was a persistent claim that overshadowed the (unsuccessful) attempts to modernize the CRA during the Obama administration. However, there is extensive evidence showing not only that the CRA covered a far smaller fraction of lending as the bubble peaked,<sup>12</sup> but that the CRA also helped expand access to homeownership without unduly increasing risk where operative.<sup>13</sup> When CRA eligibility disappears—in cases where census tracts lose their LMI status—lending in those neighborhoods decreases by 10 to 29 percent.<sup>14</sup> Empirically, the law is effective when and where it works. But given its increasingly small footprint at a time when the majority of mortgage lending now comes from non-CRA regulated institutions, is the CRA truly still necessary? In a word, yes.

In 2017, nonbank lenders, which are not subject to CRA requirements, originated more than 1.8 million conventional and FHA purchase mortgages (53% of the market), as compared to 1.4 million by CRA-regulated banks. Of particular note, nonbanks originated four out of every five FHA insured loans. Calem, Lauren Lambie-Hanson, and Wachter (CLW) finds that although the nonbank share of mortgage lending has indeed increased, the CRA generates significantly greater lending for LMI borrowers in assessment areas than would have occurred in the law’s absence.<sup>15</sup> Since 2012, all lender types have been originating a larger share of their FHA and conforming-sized conventional loans in CRA-eligible neighborhoods. With respect to conventional conforming-sized mortgages, this trend has been strongest among community banks.

However, CLW also finds that the overall share of FHA and conforming-sized conventional loans (from all lenders) to LMI borrowers has decreased compared to a pre-2004 benchmark period. This decrease is approximately offset by an increase in the share of loans to borrowers (broadly distributed by income) purchasing properties in LMI neighborhoods, but we are confronted with a potential conflict inherent in the CRA’s mandate of serving both (LMI) people and places. Although the CRA fosters an environment of more equitable lending than would have existed in its absence, regulators should seize this opportunity to rethink and communicate clearly how credit will be apportioned for all CRA-eligible mortgage activities in the future.

As Laurie Goodman, Jun Zhu, and John Walsh show in their research, “[A]pproximately 60 percent of the dollar volume of loans in LMI census tracts are not going to LMI borrowers. Policymakers may need to consider whether to treat these two lending types interchangeably as they often do now, or give less CRA credit to loans borrowed by high-income residents in low-income areas and more credit to loans to low-income borrowers,



regardless of location.”<sup>16</sup> They go on to say, “[E]xaminers should make sure institutions are not solely skimming large, more profitable loans in gentrifying areas to count toward CRA requirements.”

Of course, retail mortgage lending for single-family LMI borrowers or properties (\$108 billion in CRA credit in 2016) is only one facet of the CRA.<sup>17</sup> Small business lending (between \$90-172 billion, depending on the definition of “small business”) and community development activities (\$96 billion) are each responsible for almost as much annual CRA credit nationwide.<sup>18</sup> Any discussion of modernizing the CRA must account for the full scope of the law’s reach, including multifamily lending (\$33 billion), small business lending, small farm lending (\$10 billion), and community development activities (e.g., affordable housing, economic development projects, and neighborhood revitalization).

The next question, then, is whether the CRA will continue to fall short of its potential amid a rapidly changing landscape, experience the “transformational” changes proposed by the OCC (or, perhaps, a legislative alternative), or become a better version of itself within the bounds of its current statutory language. At this point, we turn our attention to some of the broad changes being considered for modernizing the law.

## HOW CAN THE CRA BE UPDATED FOR THE 21ST CENTURY?

### IMPROVING DATA COLLECTION AND TRANSPARENCY

The first step toward a modern CRA is to improve data collection, in terms of both the consistency of reporting requirements and the specificity of the data required. This, in turn, must be supported by the development of a technological regime that will enable regulators and banks to analyze the more robust data to be collected. Across the board, all stakeholders have expressed desire for CRA evaluations that are predictable and transparent. Enabling examiners to make faster and more objective judgments and comparisons depends on a foundation of uniformly reported, specific, and accessible data.

Using 2016 Home Mortgage Disclosure Act (HMDA) data to analyze mortgage lending and the 2016 Federal Financial Institutions Examination Council (FFIEC) loan files for data on small businesses, small farms, and community development lending for lenders, Goodman, Zhu, and Walsh assess (1) what is known about CRA lending from existing data sources and (2) what could be analyzed if more data were available. Very few researchers have analyzed these data to understand the full picture of CRA lending because matching these two datasets is extremely difficult. In order to promote transparency, Goodman, Zhu, and Walsh suggest the HMDA and FFIEC datasets “use a common respondent ID, which would allow for easier matching between the two. The government version of the data does this, but the public version does not.”<sup>19</sup>

Additionally, they identify data that should be tracked through consistent reporting and compiled in a standard format, which is necessary (at least for examiners, if not the public) for making the CRA “more effective and less subjective.” The changes in reporting they recommend include separating traditional lending from credit card lending in small business lending reports (they are currently combined); adding levels of detail, especially qualitative detail, for community development lending (there is currently only one number per lending institution); the FFIEC releasing (for every institution) the amount of high-income lending in LMI census tracts, for peer comparison purposes; and using HMDA data to discover whether multifamily lenders—a small number of which have a disproportionately large market share—are contributing to lending for LMI multifamily housing.

### RESOLVING THE DEBATE OVER ASSESSMENT AREAS

A second step toward a modern CRA is to address the shortcomings of applying the law only (and inconsistently) to banks with physical, deposit-taking branches. In general, there should be more specific and

reliable answers to the questions of where exactly and when banks can earn CRA credit beyond their own assessment areas (AA's), as well as which credit-lending companies should fall within the CRA's purview. Many commentators have suggested expanding the number of AA's, particularly for large retail banks that offer their services over the Internet.<sup>20</sup> But as Mark Willis of the NYU Furman Center writes, "To overcome the geographic limits inherent in a system of individual AA's would require creation of a large number of new AA's in markets where a bank has no physical, local presence yet would still be subject to the three-part retail bank test of lending, investment, and services. The burdens such a system would impose could in fact discourage Internet retail banks from serving smaller and rural communities."<sup>21</sup>

In response to this concern, Willis has developed an alternative approach to incentivize large retail banks to meet the needs of any LMI community, unbound by geography, albeit with the caveat that in order to earn an overall satisfactory CRA rating they would still have to earn (at least) a satisfactory rating across their deposit-based AA's. Willis suggests maintaining the existing AA framework (i.e., the three-part test) within a bank's branch network while creating an "Internet test" for geographies beyond its current AA's. The Internet test would consist of (1) a product-specific, retail loan test for mortgages, small businesses, and farms and (2) a community development test that is both quantitative (dollar volume) and qualitative (to account for innovation and complexity).

Willis points out that this proposal is merely an application of current CRA tools to other LMI areas.<sup>22</sup> It would enable large retail banks with existing CRA obligations to serve other LMI communities—*after* serving their own AA's—and earn credit more efficiently, thereby alleviating the concentration on CRA "hotspots" like Salt Lake City.<sup>23</sup> More importantly, a mechanism like an Internet test could bring Internet-only banks under the CRA without having to work around the traditional three-part test.<sup>24</sup> Ultimately, an Internet test that is additive in nature could allow banks to address credit needs in places that are most in need of it and where measurable impact could be highest—for instance, in "banking deserts"<sup>25</sup> and in smaller and rural communities.

There remains disagreement over the specifics of how to resolve the CRA's dependency on bank branches, however. Josh Silver of the National Community Reinvestment Coalition (NCRC) objects to the assertion that more AA's would be untenable option. He suggests using banks' own lending markets—data for which is already available—to identify natural AA's beyond their physical branch networks.<sup>26</sup>

Regardless of how regulators decide to address the debate over AA's, there is one point of consensus: Any broadening of geography beyond a bank's own assessment areas should not decrease CRA lending where the need exists.<sup>27</sup>

## DECIDING WHAT COUNTS

The third step toward a modern CRA is to set clear standards for what activities do and do not count towards CRA credit. Determinations about the eligibility of specific lending activities, especially with regard to community development, are inconsistent and non-transparent. A pre-clearance system or *ex ante* approved activities lists would go a long way toward improving bank CRA planning and decision-making, according to Dafina Stewart, who spoke for the Bank Policy Institute at the event.<sup>28</sup> Additionally, as Stewart maintained, it is difficult for banks to remediate deficiencies that are noted in CRA evaluations because by the time a bank receives the results of its exam, the information is already outdated. As Comptroller Joseph Otting himself readily admits, "[P]erformance evaluations take too long, lack transparency and suffer from subjectivity that causes inconsistency from bank to bank. This inefficiency wastes resources and frustrates community development practitioners, bankers and regulators alike."<sup>29</sup>

If banks could expect results within a year of the beginning of their evaluation (it's often much longer than that now), and if evaluations could be more flexible to account for newer business models, banks could correct



course and tailor their CRA activities to their individual strengths, according to Stewart. Of course, improved data collection and transparency plays a role here, too, in improving CRA administration by banks.

In addition to desiring clarity around the types of CRA eligible lending activities, there are concerns among various stakeholders about updating and standardizing performance ratings and metrics going forward. In an effort to avoid subjective evaluation results and complaints of ratings inflation in the future, some degree of standardization is desirable. But an over-emphasis on quantitative metrics—in particular the formula promoted by Otting and the OCC that has come to be known colloquially as the “single metric”—may have the undesirable effect of weakening the impact of the CRA.

## CONTROVERSY AND CONSTERNATION

At the core of the present CRA reform debate is the battle over objective performance metrics. In its request for comments, the OCC asked whether the agency should create a single metric for measuring bank CRA performance, either at the level of the AA or the institution. This metric would aggregate all CRA lending, investments, and services and compare that number to some bank balance sheet measure, either total assets, deposits, or capital. Each stakeholder who addressed this topic at the October 29<sup>th</sup> event expressed serious concerns about reducing a bank’s entire CRA evaluation and rating to one number.

As Comptroller Otting has written, “Transparent and objective metrics would support more timely regulatory decisions that rely on CRA performance ratings. Such metrics would also make institution and industry comparisons more possible and allow regulators to aggregate data in meaningful ways that are impossible today.”<sup>30</sup> There are real benefits to better metrics, especially for regulators and banks, in terms of enhanced clarity. But they are not without risks. In a *Housing Policy Debate* paper, Carolina Reid argues that a single dollar metric may be incompatible with the necessary complexity of CRA evaluations. A single metric “may also undervalue the role of partnerships, or minimize the qualitative aspects of CRA that may not show up on a balance sheet but that are critical for making reinvestment projects happen.”<sup>31</sup> Community development and civil rights advocates agree.

Speaking at the event, Buzz Roberts of the National Association of Affordable Housing Lenders (NAAHL) discussed additional shortcomings of the single metric, repeating some of the key arguments noted in a letter that advocacy organizations (including the NAAHL, NCDC, and the National Housing Conference) sent to the heads of the CRA’s three regulatory agencies: the OCC, Federal Reserve, and FDIC.<sup>32</sup> First, the single metric would only consider loans on a bank’s balance sheet. Since most loans are sold and securitized, this metric would unfairly punish banks with little capacity to keep the loans they originate for LMI borrowers or properties on their books. Second, it would incentivize banks to skim larger loans in order to hit their targets as quickly and easily as possible, rather than nudging them towards meeting the needs of their communities. Since examiners would not be able to incorporate spillover benefits or evaluate overall impact using only the dollar volume of activity when grading banks, many community development activities likely would be rejected. And third, instead of banks receiving more credit for doing more, consistent with safety and soundness, this single metric would reduce the CRA to a limited resource, pitting potential CRA beneficiaries against each other needlessly.

Stewart added another shortcoming, namely that a single dollar volume metric would not sufficiently reflect the diversity of bank business models, products, or services. And as Reid carefully notes, “There is also the question of how to set the right target level of activities.”<sup>33</sup> A benchmark that is too high could threaten safety and soundness requirements, while one that is too low could squeeze out beneficial community development activities.

In addition to the broad opposition to the OCC’s proposed single metric, the other major point unifying the many community development and civil rights groups is the insistence that if the OCC moves forward with any

significant changes, they should do so with the support of the CRA's other regulators, the Federal Reserve and the FDIC. In a meeting with community leaders in New York, Otting remarked that the OCC oversees banks that control 70 percent of CRA-qualifying assets. Specifically, he said, "You can't have something that's good for communities be stopped by one group."<sup>34</sup> This type of speech has made many stakeholders nervous.

In the open letter to the CRA's regulators referenced above, advocates claimed, "Failure to act in coordination would perpetuate confusion and inconsistency and would create competitive inequities." Furthermore, they insist that a "lack of regulatory consensus now will invite reversal by future regulators."<sup>35</sup> The type of changes floated by the OCC, especially if they are implemented without the support of the CRA's other regulators, are not compatible with long-term planning. As Gerron Levi, also representing NCDC at the event, said, "No regulator should feel pressured to sign onto a bad idea."

Patricia McCoy, another speaker, agrees: "separate rules for the OCC and the other two agencies would undermine one of the OCC's own goals, which is to increase the certainty surrounding CRA evaluations."<sup>36</sup> Not only that, but should the OCC reject an interagency approach to CRA modernization, an "unlevel playing field for state-chartered banks and thrifts" would develop. Interestingly, McCoy suggests that the OCC has lost sight of the fact that regulators and banks are required to do certain things in the CRA's statutory language, which leads to this article's final question: Would the OCC's "transformational" proposal to update the CRA result in something that is actually still the CRA?

## FINAL CONSIDERATIONS

### IS A SINGLE NATIONAL METRIC COMPATIBLE WITH THE CRA MISSION?

What the OCC has preliminarily proposed may go outside the bounds of the CRA and may not be compatible with the stated legislative mission and thus may be susceptible to legal challenge. The single metric does not (1) account for (or even mention) individual metropolitan area performance or (2) discretely evaluate CRA activities using the traditional three tests.<sup>37</sup> Would such a change undermine CRA encouraged community investment that have worked to revitalize neighborhoods, albeit imperfectly, for decades? To quote McCoy and Rougeau at length: "Do regulators, banks, and the public at large have enough insight into the convenience and needs of diverse communities from Alaska to Maine to set *ex ante* quantitative ratios for CRA performance? Is certainty and mathematical precision worth the cost of losing local responsiveness and less CRA activity?"<sup>38</sup> The consensus among panelists at the October 29<sup>th</sup> event was a clear 'no.'

### COULD CRA OBLIGATIONS BE TRADED?

The event's final commentator, Larry White, took a step back from the current debate to consider the CRA's legislative goals, questioning whether the law is able to address the underlying issues affecting LMI communities and whether it remains the best way to increase the supply of financial services to minorities and LMI neighborhoods. He argued that more vigorous enforcement of the Fair Housing Act of 1968 and ECOA of 1974 is the solution to discrimination in housing markets. If, however, the lack of access to credit and banking services is related to either (1) bank monopoly power, (2) banks making inadequate efforts to ascertain the creditworthiness of potential borrowers, or (3) banks taking advantage of unsophisticated borrowers, White suggests more competition is the remedy. But if there is a collective action problem at play, there is still a role for the CRA. In that case, White makes a contribution by proposing that CRA obligations could be quantified and traded among banks.<sup>39</sup>



Other commentators have suggested a similar cap-and-trade approach, through which banks could pay other lenders a fee for fulfilling their own CRA obligations. Regulators could set the amount of necessary CRA activity in an area, instead of per bank, thereby enabling the banks best suited to lend to LMI communities to more effectively deploy their capital.<sup>40</sup>

## CONCLUSION

Given the current prominence of nonbanks and Internet banks and the urgent need to address the new urban crisis of affordable housing, the CRA must be modernized, yet its spirit of local collective action in response to local needs should also be preserved. A single metric for evaluation, which the OCC has tentatively endorsed, is unlikely to be capable of summarizing these local needs and, worse still, could lead to a decrease in lending or even exacerbate the affordable housing crisis. Additionally, many experts—academics, advocates, and public and private sector leaders alike—have stressed the importance of regulatory coordination among the three agencies responsible for overseeing the CRA. Although disagreements over the specifics of CRA reform persist, there is one final point of consensus that each stakeholder at the October 29<sup>th</sup> event reiterated. Namely, any proposal to update the CRA should be informed by careful study and all changes, including their potential impacts, should be grounded in good data.

## NOTES

1. In the United States, redlining is associated with historical maps created by agencies like the Federal Housing Administration (FHA) and Home Owners' Loan Corporation (HOLC) during the Great Depression. On these maps, red lines were drawn around certain areas, based largely on the racial composition of residents, and banks would routinely avoid making investments in these “redlined” neighborhoods.
2. Large banks are evaluated through three separate lending, service, and investment tests. Small banks have only a lending test and community development test.
3. This does not, however, undermine the safety and soundness of the banking system.
4. Office of the Comptroller of the Currency, “Advance Notice of Proposed Rulemaking,” Bulletin 2018-24.
5. As the Ranking Member of the Senate Banking Committee (SBC), Sen. Sherrod Brown (D-OH), who spoke at the October 29<sup>th</sup> event, convened a hearing on the CRA in 2018 and urged for regulatory and legislative unity prior to any substantial changes to the law. Sen. Elizabeth Warren (D-MA), another member of the SBC, introduced the American Housing and Economic Mobility Act of 2018 (S. 3503), which would expand the CRA to cover credit unions and non-depository mortgage companies.
6. 12 C.F.R. § 25.42.
7. Two thirds of the thirty largest cities reversed three decades of population losses with population gains. See “The Affordability Challenge: Inclusionary Housing and Community Land Trusts in a Federalist System,” in *Land Value Capture*, eds. Gregory K. Ingram and Yu-Hung Hong (2012): 261-281.
8. Kevin A. Park & Roberto G. Quercia (2019), “Who Lends Beyond the Red Line? The CRA and the Legacy of Redlining.” *Housing Policy Debate*.
9. *Ibid.*
10. *Ibid.*
11. Agarwal et al. (2012), “Did the Community Reinvestment Act (CRA) Lead to Risky Lending?” NBER No., 18609.
12. Park, K.A. (2008), “Subprime Lending and the Community Reinvestment Act.” Joint Center for Housing Studies, Harvard University; and Park, K.A. (2010), “CRA Did Not Cause the Foreclosure Crisis.” Center for Community Capital, University of North Carolina at Chapel Hill.
13. Reid, C., Seidman, E., Willis, M., Ding, L., Silver, J. and Ratcliffe, J. (2013), “Debunking the CRA Myth—Again.” Center for Community Capital, University of North Carolina at Chapel Hill.
14. Ding, L. and Nakamura, L. (2017), “‘Don’t Know What You Got Till It’s Gone’ – The Effects of the Community Reinvestment Act (CRA) on Mortgage Lending in the Philadelphia Market.” Federal Reserve System Working Paper 17-24, Opportunity and Inclusive Growth Institute.
15. Paul Calem, Lauren Lambie-Hanson, and Susan Wachter (2019), “Is the CRA Still Relevant to Mortgage Lending?” *Housing Policy Debate*.
16. Laurie Goodman, Jun Zhu, and John Walsh (2019), “The Community Reinvestment Act: What Do We Know, and What Do We Need to Know?” *Housing Policy Debate*.
17. *Ibid.*



18. *Ibid.*

19. *Ibid.*

20. Defined by the CRA as banks with assets greater than \$1.284 billion.

21. Mark Willis (2019), “Updating CRA Geography: It’s Not Just About Assessment Areas,” *Housing Policy Debate*.

22. *Ibid.*, and remarks at October 29, 2019 event.

23. Most Internet-only banks maintain their headquarters in the Salt Lake City region, leading to an overabundance of CRA activity there. There may be benefits to such CRA “hotspots,” but the analysis of these spaces is beyond the scope of this article.

24. Under Willis’s proposal, Internet-only banks would still have to serve their main office AA adequately.

25. Nonbanks, despite extending mortgage credit to LMI communities, are by definition unable to extend banking services, which necessarily go hand-in-hand with homeownership. The lack of banking access in so-called “banking deserts” also fosters the use of expensive, higher risk financial products. The FDIC estimated that in 2017 about 6.5% of U.S. households were unbanked, while 18.7% were underbanked. See “FDIC National Survey of Unbanked and Underbanked Households,” 25 (2018).

26. Remarks at October 29, 2019 event. See also Josh Silver (2019), “An Evaluation Of Assessment Areas And Community Development Financing: Implications For CRA Reform,” National Community Reinvestment Coalition Report.

27. As Jesse Van Tol, CEO of the NCRC, remarked at the event, “Banks are already getting CRA credit from outside their AA’s. The question is how to make it more standardized and well communicated.” From Silver (2019): “Current CRA examination procedures have allowed banks to make loans and investments in states and regional areas containing their AA’s, provided they have first satisfied the needs in their AA’s.”

28. Remarks at October 29, 2019 event.

29. Joseph Otting, “We have a once-in-a-generation chance to revamp CRA. Let’s use it.” *American Banker*, August 30, 2018.

30. *Ibid.*

31. Carolina K. Reid (2019), “Quantitative Performance Metrics for CRA: How Much “Reinvestment” is Enough?” *Housing Policy Debate*.

32. Letter to CRA regulators from community advocate groups, September 9, 2019. Available by request.

33. Reid, *supra* note 31.

34. Evan Weinberger & Lydia Beyoud, “OCC’s Otting Gets Educated During Urban Bus Tour,” *Bloomberg Law*, August 26, 2019.

35. Letter, *supra* note 32.

36. Patricia A. McCoy & Vincent D. Rougeau, “Comment of Legal Scholars on Docket ID OCC-2018-0008.”

37. *Ibid.*



38. *Ibid.*

39. Lawrence J. White (2019), "The Community Reinvestment Act at 40: Why Is It Still Necessary to "Lean on" Banks?" *Housing Policy Debate*.

40. Diego Zuluaga, "The Case for Market-Based CRA Reform," *American Banker*, July 12, 2019.