



October 15, 2018

Comment regarding "Reforming the Community Reinvestment Act Regulatory Framework"  
RE: Docket ID OCC-2018-0008

To Whom it May Concern at the Office of the Comptroller of the Currency:

I am writing on behalf of the Metropolitan Milwaukee Fair Housing Council (MMFHC), to express our concerns about proposed changes to the regulations implementing the Community Reinvestment Act (CRA).

The mission of MMFHC is to promote fair housing throughout the State of Wisconsin by combating illegal housing discrimination and by creating and maintaining racially and economically integrated housing patterns. MMFHC's Fair Lending Program works in a variety of ways to ensure that all credit-worthy borrowers receive equal access to fairly priced credit, and to increase lending and investments to low and moderate income neighborhoods.

CRA was established in response to illegal redlining, and its regulations must continue that fight. People of color and other protected classes were deliberately denied the ability to obtain home loans, or to even rent in specific neighborhoods. During the 40+ years since CRA was enacted, banks have made significant progress in addressing redlining and more fully serving the needs of all communities, including those with low and moderate incomes. One of the best CRA examples in Milwaukee is our homeownership consortium, *Take Root Milwaukee*. *Take Root Milwaukee* members are banks, nonprofit housing counseling agencies, neighborhood-based groups, social service agencies, Realtors, local and state government, philanthropic foundations, and local television channels. CRA brought the banks to the table, where they are learning directly from the community, about community needs and how we can work together to address them.

We are concerned that many of the ideas for CRA reform being explored would weaken the voices of the low and moderate income members of the community. MMFHC's *CRA Coalition* provides an efficient and effective mechanism for a variety of voices in the community to meet directly with banks serving our communities, to discuss their full range of records on lending, investment and services. During those meetings, and also via written communication, the *CRA Coalition* provides the institutions with support for their helpful programs and products, and suggestions for how to address lending disparities and ongoing financial service needs. Removing community participation and the emphasis on serving all people and neighborhoods would severely damage the progress made by our *CRA Coalition* and *Take Root Milwaukee*.

While progress has been made, efforts to combat lending discrimination must be increased, not weakened. In 2017, in the City of Milwaukee, according to the 2010 Census,

- 44.8% of the population was White (37.0% non-Hispanic white), but whites received 57.72% of the home loans,
- 40.0% was Black or African American, but black borrowers received only 13.67% of home loans, and
- 17.3% were of Hispanic or Latino origin (of any race), but received 11.45% of home loans.

Even among people with modest incomes and impaired credit, if banks continue to work with us to address these lending disparities, together we can help borrowers become successful homeowners and create strong neighborhoods. Housing counseling, downpayment assistance, credit counseling, niche marketing, and loan officers who reflect the communities they serve have been proven to be effective.

But unless banks know that there would be penalties for discrimination against people of color, women, people with disabilities and other protected classes, illegal discrimination will increase! The OCC's memo that dilutes the negative impact of discrimination and violation of consumer protection law on a bank's CRA rating is unacceptable. No bank that engages in illegal discrimination and/or harmful consumer activities should receive a positive CRA rating.

MIFHC has strong concerns about another issue regarding the CRA rating system. We believe that the proposal for banks' CRA performance to be evaluated by one ratio is misguided. One ratio could never adequately take into account the varying markets and needs of low and moderate income individuals and neighborhoods across the country, and come up with an accurate numerical representation of the banks' CRA activities.

Based on a report from the Philadelphia Federal Reserve Bank, the National Community Reinvestment Coalition estimates that nationally, low and moderate income neighborhoods could lose up to \$105 billion in home and small business lending nationally over a five year time period. This represents a 10 - 20% loss. In Wisconsin, that loss would be between \$703,393,000 and \$1,406,786,000, and in Wisconsin's 4th Congressional district, which covers Milwaukee, the loss would be between \$141,222,000 and \$282,443,000.

The activities that CRA has brought to our city and country have been significant factors in enhancing lives and creating equity and wealth for individuals and families. We must not slow the progress that has been made. We need to enhance CRA, not weaken it!

We urge you to seriously consider our concerns.

Sincerely,

William R. Tisdale  
President and CEO

## **FIGHT DISCRIMINATION! INCREASE LENDING! YOU CAN MAKE A DIFFERENCE!**

**Your voice is important!** We, community residents from around the country, have been asked to weigh in on CRA reform. I hope that you will join colleagues from around Milwaukee, and indeed the country, to respond to the request.

Those of us who are active in housing and community development are well aware of the need for banks to provide loans to, and investments in, our people projects and programs. We need banks and other financial institutions to be our partners. The Community Reinvestment Act (CRA) was passed as a response to banks' redlining of neighborhoods where people of color live, and provides guidance for how to be good partners. Discrimination still occurs, but there are some ideas being floated by the Office of the Comptroller of the Currency (OCC), which regulates banks that have national charters. The ideas would threaten the gains that have been made as a result of banks' obligations under CRA.

If you have concerns about quality affordable housing, jobs, healthy communities; and racial, social and economic justice, I hope that, at a minimum, you will submit a brief comment letter – as an individual and/or on behalf of an organization you are affiliated with. This message, links and attachments should provide you with what you need. Let me know if I can provide additional help.

**SHORT BACKGROUND, EXAMPLES** In 1977 a federal law called the Community Reinvestment Act (CRA) was passed. CRA requires banks to provide their services and loan products to all people within the communities where they do business, including low and moderate income people and communities. They must provide:

- loans to credit-worthy borrowers (for home purchase, repair, and refinance, as well as loans to small businesses),
- investments (in affordable housing, mixed income housing, and community organizations or facilities that primarily serve low and moderate income people), and
- services (most of the attention goes to their presence of branches in low or moderate income census tracts, but they also get credit for other things like low-cost checking and saving accounts).

**The requirements of CRA have resulted in billions** of dollars of loans and investments in communities that had previously been either ignored, or actively redlined by banks. **Below are some examples of ways that CRA has benefitted communities across the country, including Milwaukee:**

- Developing new **mortgage loan programs** for credit-worthy first time homebuyers, including people of modest means and people of color.
- Offering **down payment assistance** for credit-worthy first time homebuyers, including people of modest means and people of color.
- Offering **home repair programs** for homeowners of modest means.
- Providing financial **assistance for nonprofit organizations that provide free or low-cost home repairs for extremely low income, elderly or disabled homebuyers.**
- Providing financial **support for nonprofit homebuyer counseling agencies** (like Housing Resources, Inc. in Milwaukee) that have helped thousands of people to access the American Dream.
- Providing bank staff to **volunteer with organizations that provide financial counseling, homebuyer counseling, affordable housing development, or small business development.**
- Providing loans and/or investments in dozens of **affordable housing or mixed income housing developments.**
- Providing loans and/or investments in **community facilities located in low and moderate income neighborhoods.**
- Providing financial **support and technical assistance to minority business development organizations.**



• Providing support to workforce development programs, and nonprofit organizations that help with

employment readiness.

• Providing investments and technical support to CDFIs (Community Development Financial Institutions), mission-driven, nonprofit lenders that focus their lending on programs and developments that the banks will not lend directly to.

• Providing office space to nonprofits that serve low and moderate income people and neighborhoods.

• Providing low-cost checking accounts for entry-level customers.

• Participating in foreclosure prevention programs.

• Participating in Take Root Milwaukee, which is our homeownership consortium that works to move residents from renters to successful, sustainable homeownership.

Before CRA was established, very few banks did these things. Indeed, they openly discriminated against people of color, and redlined low income neighborhoods, especially neighborhoods where people of color and immigrants lived. Some banks still have a long way to go. But currently, most of them do at least some of the things listed in the bullet points above. We need to strengthen CRA regulations, not weaken them!

**THE THREAT** For a great primer, please see [this op-ed in the NY Times](#), and [this op-ed in American Banker](#), to understand what we could lose if CRA were to be weakened in the way that the OCC is proposing. Another resource for background can be found by scrolling all the way to the bottom of [www.ncrc.org/treasurercra](#), where you can find the **PRINCIPLES FOR A MODERN CRA**.

Based on a report from the Philadelphia Federal Reserve Bank, the National Community Reinvestment Coalition (NCR) estimates that nationally, low and moderate income neighborhoods could lose up to \$105 billion in home and small business lending nationally over a five year time period. This represents a 10 - 20% loss. In Wisconsin, that loss would be between \$703,393,000 and \$1,406,786,000, and in Wisconsin's 4<sup>th</sup> Congressional district, which includes the City of Milwaukee, the loss would be between \$141,222,000 and \$282,443,000.

**LOGISTICS** If it would be helpful, I can share the letter submitted by the Fair Housing Council with you. Please note that your letter does not need to be long or super detailed. Pick a few issues and concerns that resonate with you and/or your organization.

To see instructions regarding how to submit your letter and for more background info, you can go to [www.ncrc.org/treasurercra](#). Scroll down that page to the section that says, **URGENT: TAKE ACTION**. There are **SAMPLE COMMENTS** on the left side of the page, and on the right side of the page, you will see **INSTRCTIONS** for how to submit a comment. Comments are being submitted directly to the OCC via an online form. If you scroll down past the **SAMPLE COMMENTS**, you will see **PRINCIPLES FOR A MODERN CRA**. And beyond that, under **"Spread the word"** you will see hashtags, links, and sample messages.

**Please note** that the bank regulators – the Office of the Comptroller of the Currency (OCC), which officially issued the request, and the Federal Reserve Board and the FDIC - have **requested** our input. All three regulators will review the comments submitted to the OCC. So let's be sure that we counter the voices of those who are not concerned about economic justice or fair housing, and those who are pushing back against regulations of all kinds. Weigh in with your support for strengthening CRA, instead of weakening it!

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Year: 2017

Lender(s): All Lenders

Geography: Milwaukee city (WI)

Loan Amount: Conforming, Jumbo

Tract Income: All

Tract % Minority: All

Hispanic Ethnicity: All

Preapproval Requested?: Yes, No, Unk/NA

Spread Reported?: Yes, No

All four pages of this report show information on all home loans made (originated) to owner-occupants of 1-4 family properties in the City of Milwaukee during 2017.

The information on Occupancy, Action, and Property Type will all show 100% because the parameters of the report were set up to show only one type of occupancy, one kind of action, and one property type.

Custom reports showing other variables, and different geographies (your ald. district for example) can be run.

Property Type: 1-4 Family

HOEPA Loan?: Yes, No

Lien Status: All

Action	Loan Type	Purpose	Occupancy	Investor	Race	Income	Sex
Originated	All	All	Owner Occ	All	All	All	All

Race			
White		4,621	60.73%
Black		1,139	14.97%
Hispanic		978	12.85%
Asian		333	4.38%
Native American		18	0.24%
Hawaiian		6	0.08%
MultiRace		36	0.47%
Unk.		474	6.23%
NA		4	0.05%
Invalid		0	0.00%
<b>Total</b>		<b>7,609</b>	<b>100.00%</b>

Hispanic Ethnicity			
Hispanic		978	12.85%
Non-Hispanic		6,118	80.40%
Unk.		509	6.69%
NA		4	0.05%
Invalid		0	0.00%
<b>Total</b>		<b>7,609</b>	<b>100.00%</b>

Action			
Originated		7,609	100.00%
Denied		0	0.00%
Rejected by Applicant		0	0.00%
Withdrawn		0	0.00%
Incomplete		0	0.00%
Purchased		0	0.00%
PreApproval Denied		0	0.00%
PreApproval Rejected		0	0.00%
Invalid		0	0.00%
<b>Total</b>		<b>7,609</b>	<b>100.00%</b>

Loan Type			
Conventional		5,807	76.32%
FHA		1,419	18.65%
VA		383	5.03%
FSA/RHS		0	0.00%
Invalid		0	0.00%
<b>Total</b>		<b>7,609</b>	<b>100.00%</b>

Average Spread Reported is computed based on originated loans.

Data used in this analysis are taken from the 2017 National HMDA-LAR published by the Federal Financial Institutions Examination Council.



Year: 2017  
 Lender(s): All Lenders  
 Geography: Milwaukee city (WI)  
 Loan Amount: Conforming, Jumbo  
 Tract Income: All  
 Tract % Minority: All  
 Hispanic Ethnicity: All  
 Preapproval Requested?: Yes, No, Unk/NA  
 HOEPA Loan?: Yes, No  
 Lien Status: All  
 Property Type: 1-4 Family  
 Custom reports showing other variables, and different geographies (your ald, district for example) can be run.

Year	2017
Lender(s)	All Lenders
Geography	Milwaukee city (WI)
Loan Amount	Conforming, Jumbo
Tract Income	All
Tract % Minority	All
Hispanic Ethnicity	All
Preapproval Requested?	Yes, No, Unk/NA
HOEPA Loan?	Yes, No
Lien Status	All
Property Type	1-4 Family
Occupancy	Owner Occ
Purpose	All
Loan Type	All
Action	Originated
Sex	All

<b>Occupancy</b>	Owner Occupied	7,609	100.00%
	Non-Owner Occupied	0	0.00%
	NA	0	0.00%
	Invalid	0	0.00%
<b>Total</b>		7,609	100.00%

<b>Purpose</b>	Purchase	4,676	61.45%
	Home Improvement	485	6.37%
	Refinance	2,448	32.17%
	Invalid	0	0.00%
<b>Total</b>		7,609	100.00%

<b>Income</b>	Low	1,123	14.76%
	Moderate	2,094	27.52%
	Middle	2,034	26.73%
	Upper	2,004	26.34%
	Unk/NA	354	4.65%
	Invalid	0	0.00%
<b>Total</b>		7,609	100.00%

<b>Gender</b>	Male Primary	1,904	25.02%
	Female Primary	693	9.11%
	Female (no co-app.)	2,067	27.17%
	Male (no co-app.)	2,415	31.74%
	Same Gender	185	2.43%
	Unk	341	4.48%
	NA	4	0.05%
	Invalid	0	0.00%
<b>Total</b>		7,609	100.00%

<b>Gender Rollup</b>	Male	5,086	66.84%
	Female	2,167	28.48%
	Other	356	4.68%
	Invalid	0	0.00%
<b>Total</b>		7,609	100.00%

Average Spread Reported is computed based on originated loans.

Data used in this analysis are taken from the 2017 National HMDA-LAR published by the Federal Financial Institutions Examination Council.

Year: 2017

Lender(s): All Lenders

Geography: Milwaukee city (WI)

Loan Amount: Conforming, Jumbo

Tract Income: All

Tract % Minority: All

Hispanic Ethnicity: All

Property Type: 1-4 Family

Preapproval Requested?: Yes, No, Unk/NA

HOEPA Loan?: Yes, No

Lien Status: All

Spread Reported?: Yes, No

Action	Loan Type	Purpose	Occupancy	Investor	Race	Income	Sex
Originated	All	All	Owner Occ	All	All	All	All

Investor			
	Fannie Mae	1,621	21.30%
	Ginnie Mae	825	10.84%
	Freddie Mac	872	11.46%
	Farmer Mac	0	0.00%
	Non Agency	1,928	25.34%
	Not Sold	2,363	31.06%
	Invalid	0	0.00%
	<b>Total</b>	<b>7,609</b>	<b>100.00%</b>

Amount			
	Conforming	7,536	99.04%
	Jumbo	73	0.96%
	Invalid	0	0.00%
	<b>Total</b>	<b>7,609</b>	<b>100.00%</b>

Average Loan Amount		
	First Lien (\$000)	141.72
	Subordinate Lien (\$000)	19.99
	Other Lien (\$000)	9.24

Tract Income			
	Low	921	12.10%
	Moderate	2,273	29.87%
	Middle	3,419	44.93%
	Upper	996	13.09%
	Unk/NA	0	0.00%
	<b>Total</b>	<b>7,609</b>	<b>100.00%</b>

Tract % Minority			
	<10%	110	1.45%
	10-20%	1,714	22.53%
	20-30%	1,905	25.04%
	30-40%	953	12.52%
	40-50%	362	4.76%
	50-60%	597	7.85%
	60-70%	274	3.60%
	70-80%	551	7.24%
	80-90%	778	10.22%
	90-100%	365	4.80%
	Unk/NA	0	0.00%
	<b>Total</b>	<b>7,609</b>	<b>100.00%</b>

Average Spread Reported is computed based on originated loans.

Data used in this analysis are taken from the 2017 National HMDA-LAR published by the Federal Financial Institutions Examination Council.



Year: 2017	Lender(s): All Lenders	Geography: Milwaukee city (WI)	Loan Amount: Conforming, Jumbo	Tract Income: All	Tract % Minority: All	Hispanic Ethnicity: All	Preapproval Requested?: Yes, No, Unk/NA	HOEPA Loan?: Yes, No	Lien Status: All	Spread Reported?: Yes, No	
Action	Loan Type	Purpose	Occupancy	Investor	Race	Income	Sex				
Originated	All	All	Owner Occ	All	All	All	All				

<b>HOEPA</b>	HOEPA Loans	55	0.72%
	Non-HOEPA Loans	7,554	99.28%
	Invalid	0	0.00%
	<b>Total</b>	7,609	100.00%

<b>Lien Status</b>	First Liens	7,119	93.56%
	Subordinate Liens	297	3.90%
	Not Secured by Lien	193	2.54%
	NA	0	0.00%
	Invalid	0	0.00%
	<b>Total</b>	7,609	100.00%

<b>Property Type</b>	One to Four	7,609	100.00%
	Manufactured	0	0.00%
	Multifamily	0	0.00%
	Invalid	0	0.00%
	<b>Total</b>	7,609	100.00%

<b>Preapproval</b>	Preapproval Requested	869	11.42%
	Preapproval Not Requested	2,066	27.15%
	NA	4,674	61.43%
	Invalid	0	0.00%
	<b>Total</b>	7,609	100.00%

<b>Spread Reported</b>	Yes	574	7.54%
	No	7,035	92.46%
	Invalid	0	0.00%
	<b>Total Loans</b>	7,609	100.00%

<b>Average Spread Reported</b>	First Lien Spread	3.03
	Subordinate Lien Spread	5.40
	Other Lien Spread	0.00



Year: 2017

Lender(s): All Lenders

Geography: Milwaukee city (WI)

Loan Amount: Conforming, Jumbo

Tract Income: All

Tract % Minority: All

Hispanic Ethnicity: All

Property Type: All

Preapproval Requested?: Yes, No, Unk/NA

HOEPA Loan?: Yes, No

Lien Status: All

Spread Reported?: Yes, No

This report shows the denial reasons for Black applicants for all types of home loans applied for on all types of properties in the City of Milwaukee during 2017.

Action	Loan Type	Purpose	Occupancy	Investor	Race	Income	Sex
Denied	All	All	All	All	Black	All	All

Total Apps	Total # of Denials	Overall Denial Rate
2,778	860	30.96%

Denial Reason 1	Reason	# of Denials	% of Denials	Denial Rate
	Debt To Income Ratio	152	17.67%	5.47%
	Employment History	11	1.28%	0.40%
	Credit History	288	33.49%	10.37%
	Collateral	93	10.81%	3.35%
	Insufficient Cash	21	2.44%	0.76%
	Unverifiable Info	11	1.28%	0.40%
	Credit Application Incomplete	30	3.49%	1.08%
	Mortgage Insurance Denied	1	0.12%	0.04%
	Other	58	6.74%	2.09%
	Missing	195	22.67%	7.02%
	<b>Total</b>	860	100.00%	30.96%

Denial Reasons 1, 2 and 3	Reason	# of Denials	% of Denials	Denial Rate
	Debt To Income Ratio	194	22.56%	6.98%
	Employment History	14	1.63%	0.50%
	Credit History	340	39.53%	12.24%
	Collateral	113	13.14%	4.07%
	Insufficient Cash	37	4.30%	1.33%
	Unverifiable Info	35	4.07%	1.26%
	Credit Application Incomplete	33	3.84%	1.19%
	Mortgage Insurance Denied	2	0.23%	0.07%
	Other	81	9.42%	2.92%
	Missing	192	22.33%	6.91%
	<b>Total</b>	NA	NA	NA

Purchased loans are ignored in this analysis.

Data used in this analysis are taken from the 2017 National HMDA-LAR published by the Federal Financial Institutions Examination Council.



Year: **2017**

Lender(s): All Lenders

Geography: **Milwaukee city** (WI)

Loan Amount: Conforming,Jumbo

Tract Income: All

Tract % Minority: All

Hispanic Ethnicity: **Yes**

Property Type: All

Preapproval Requested?: Yes,No,Unk/NA

HOEPA Loan?: Yes,No

Lien Status: All

Spread Reported?: Yes,No

This report shows the denial reasons for Hispanic applicants, for all types of home loans applied for, on all types of residential properties, in the City of Milwaukee in 2017.

Action	Loan Type	Purpose	Occupancy	Investor	Race	Income	Sex
Denied	All	All	All	All	All	All	All

Total Apps	Total # of Denials	Overall Denial Rate
1,791	416	<b>23.23%</b>

Denial Reason 1	Reason	# of Denials	% of Denials	Denial Rate
	Debt To Income Ratio	86	20.67%	4.80%
	Employment History	7	1.68%	0.39%
	Credit History	125	30.05%	6.98%
	Collateral	53	12.74%	2.96%
	Insufficient Cash	15	3.61%	0.84%
	Unverifiable Info	25	6.01%	1.40%
	Credit Application Incomplete	15	3.61%	0.84%
	Mortgage Insurance Denied	0	0.00%	0.00%
	Other	28	6.73%	1.56%
	Missing	62	14.90%	3.46%
	<b>Total</b>	416	100.00%	23.23%

Denial Reasons 1, 2 and 3	Reason	# of Denials	% of Denials	Denial Rate
	Debt To Income Ratio	98	23.56%	5.47%
	Employment History	13	3.13%	0.73%
	Credit History	146	35.10%	8.15%
	Collateral	71	17.07%	3.96%
	Insufficient Cash	27	6.49%	1.51%
	Unverifiable Info	37	8.89%	2.07%
	Credit Application Incomplete	16	3.85%	0.89%
	Mortgage Insurance Denied	0	0.00%	0.00%
	Other	49	11.78%	2.74%
	Missing	60	14.42%	3.35%
	<b>Total</b>	NA	NA	NA

Purchased loans are ignored in this analysis.

Data used in this analysis are taken from the 2017 National HMDA-LAR published by the Federal Financial Institutions Examination Council.





Year: 2017

Lender(s): All Lenders

Geography: Milwaukee city (WI)

Loan Amount: Conforming,Jumbo

Tract Income: All

Tract % Minority: All

Hispanic Ethnicity: All

Property Type: All

Preapproval Requested?: Yes,No,Unk/NA

HOEPA Loan?: Yes,No

Lien Status: All

Spread Reported?: Yes,No

This report shows the denial reasons for white applicants, for all types of home loans applied for, on all types of residential properties, in the City of Milwaukee in 2017.

Action	Loan Type	Purpose	Occupancy	Investor	Race	Income	Sex
Denied	All	All	All	All	White	All	All

Total Apps	Total # of Denials	Overall Denial Rate
9,507	1,436	15.10%

Denial Reason 1	Reason	# of Denials	% of Denials	Denial Rate
	Debt To Income Ratio	279	19.43%	2.93%
	Employment History	18	1.25%	0.19%
	Credit History	333	23.19%	3.50%
	Collateral	236	16.43%	2.48%
	Insufficient Cash	41	2.86%	0.43%
	Unverifiable Info	53	3.69%	0.56%
	Credit Application Incomplete	91	6.34%	0.96%
	Mortgage Insurance Denied	2	0.14%	0.02%
	Other	86	5.99%	0.90%
	Missing	297	20.68%	3.12%
	<b>Total</b>	1,436	100.00%	15.10%

Denial Reasons 1, 2 and 3	Reason	# of Denials	% of Denials	Denial Rate
	Debt To Income Ratio	320	22.28%	3.37%
	Employment History	32	2.23%	0.34%
	Credit History	392	27.30%	4.12%
	Collateral	275	19.15%	2.89%
	Insufficient Cash	72	5.01%	0.76%
	Unverifiable Info	94	6.55%	0.99%
	Credit Application Incomplete	103	7.17%	1.08%
	Mortgage Insurance Denied	5	0.35%	0.05%
	Other	150	10.45%	1.58%
	Missing	293	20.40%	3.08%
	<b>Total</b>	NA	NA	NA

Purchased loans are ignored in this analysis.

Data used in this analysis are taken from the 2017 National HMDA-LAR published by the Federal Financial Institutions Examination Council.

