



**National  
Consumer Law  
Center**

*Fighting Together  
for Economic Justice*

NATIONAL HEADQUARTERS  
7 Winthrop Square, Boston, MA 02110  
(617) 542-8010

WASHINGTON OFFICE  
Spanogle Institute for Consumer Advocacy  
1001 Connecticut Avenue, NW, Suite 510  
Washington, DC 20036  
(202) 452-6252

**NCLC.ORG**

January 28, 2020

Joseph Otting  
Comptroller of Currency  
Office of the Comptroller of the Currency  
400 7th Street S.W.  
Washington, D.C. 20219

RE: Notice of Proposed Rulemaking, Community Reinvestment Act Regulations

Dear Comptroller Otting:

The National Consumer Law Center, on behalf of its low-income clients, opposes the proposed changes to the Community Reinvestment Act (CRA) regulations. The proposal includes unclear performance measures that would make banks less accountable to meeting local needs resulting, we fear, in significantly fewer loans, investments and services to low- and moderate-income communities (LMI).

We are also deeply troubled that, at the same time the OCC is proposing to weaken the CRA, it has proposed a rule that would make it easier for banks to help predatory lenders target communities that the banks are not serving. The OCC's proposal on Permissible Interest on Loans that are Sold, Assigned, or Otherwise Transferred would encourage rent-a-bank schemes where online lenders use banks to originate loans that are quickly sold so that the lenders can escape state interest rate limits.

For example, OCC-supervised Axos Bank is making toxic second mortgages around the country in areas where, we expect, the bank is not supporting sustainable home ownership. Axos Bank has helped World Business Lenders offer loans in the tens of thousands of dollars to small business owners, secured by their homes, at astonishing rates of 73% to 139% APR, putting some into foreclosure. The OCC is supporting this very predatory lender, having filed an amicus brief in a bankruptcy case supporting World Business Lenders' right to charge 120% on a \$550,000 loan to a Colorado business because the loan came from a Wisconsin bank, which then sold it to World Business Lenders. This kind of predatory rent-a-bank lending targets communities that banks are not serving with positive products.

Instead of weakening the CRA and helping predatory lenders, the agencies must enact reforms that would increase affordable lending by banks in underserved communities. The agencies should also address persistent racial disparities in lending by strengthening fair lending reviews on CRA exams or adding an examination of bank activity in communities of color in CRA exams. Instead this deeply flawed proposal would result in less lending, investing and services for communities that were the focus of Congress when it passed the CRA in 1977. This backtracking will violate the agencies' obligation under the statute to ensure that banks are continually serving community needs. The FDIC and OCC should discard the NPRM, and instead work with the Federal Reserve Board and propose an interagency rule that will augment the progress achieved under CRA instead of reversing it.

Sincerely,

National Consumer Law Center (on behalf of its low-income clients)