



# Community Reinvestment Act

Bringing Reinvestment to Your Neighborhood

# Maryland Consumer Rights Coalition

Statewide organization that advances economic justice and financial inclusion through research, advocacy, education, organizing, and direct service.





“If we assume the debts, the union gets a new line of credit, a financial diuretic.

How do you not get it? If we’re aggressive and competitive, the Union gets a boost.

You’d rather give it a sedative?”

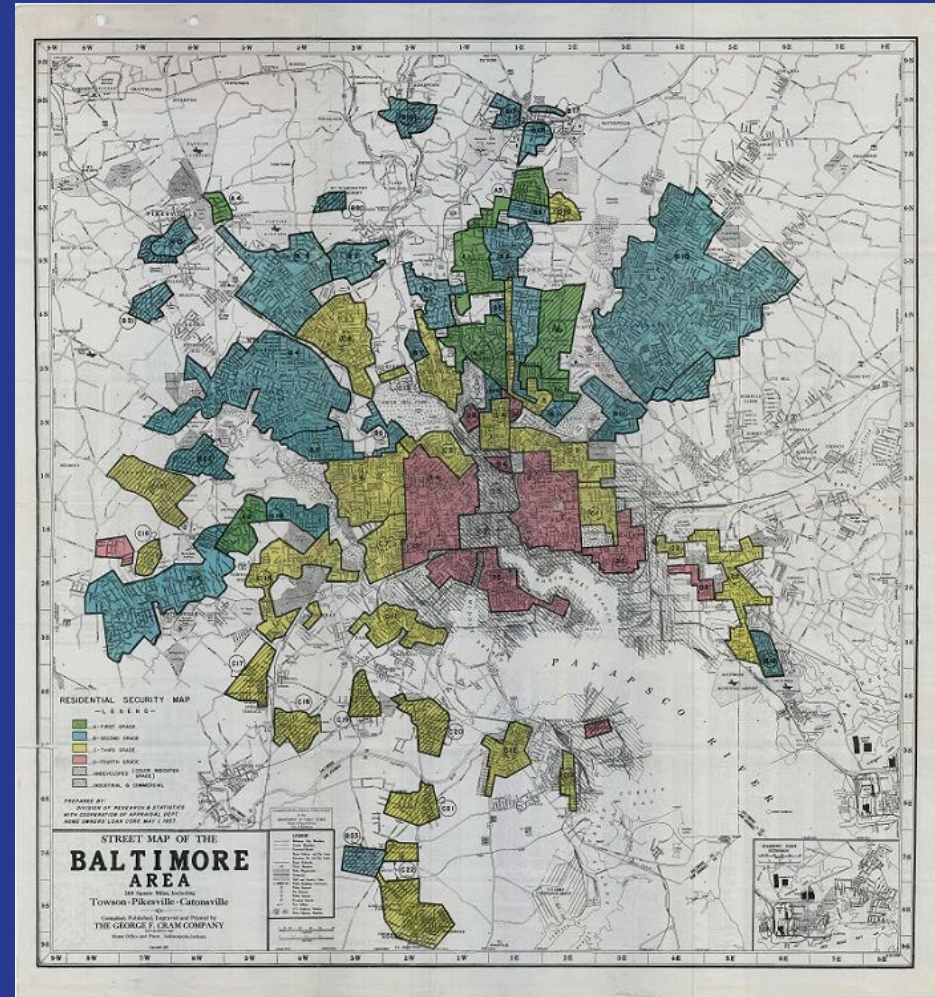
-Alexander Hamilton, regarding his plan to create a national bank.

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Money is a fertilizer that helps communities grow wealth.

What happens when  
some communities  
get the money and  
some don't?

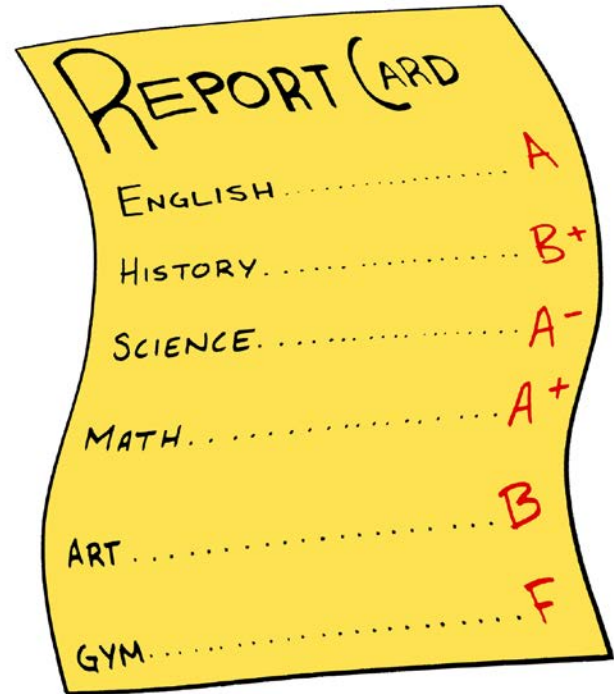


# Community Reinvestment Act

- Passed in 1977, the Community Reinvestment Act was part of a series of legislative attempts to end discrimination in housing, including:
    - Fair Housing Act
    - Equal Credit Opportunity Act
    - Home Mortgage Disclosure Act
  - Establishes a **“continuing and affirmative obligation”** for banks to meet **“the credit needs of its entire community . . . consistent with the safe and sound operation of the institution.”**
  - Creates a framework for the community to engage with the bank
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# How does CRA work?

- Every 3-5 years banking regulators grade banks on how well they're doing meeting community needs. This is called a CRA performance evaluation or exam.
- During an exam, regulators ask community organizations for feedback on the needs of the community and the banks' performance.
- A failing grade creates a reputational risk for the bank, and may prevent the bank from merging or opening a new branch.



# What are the banks graded on?

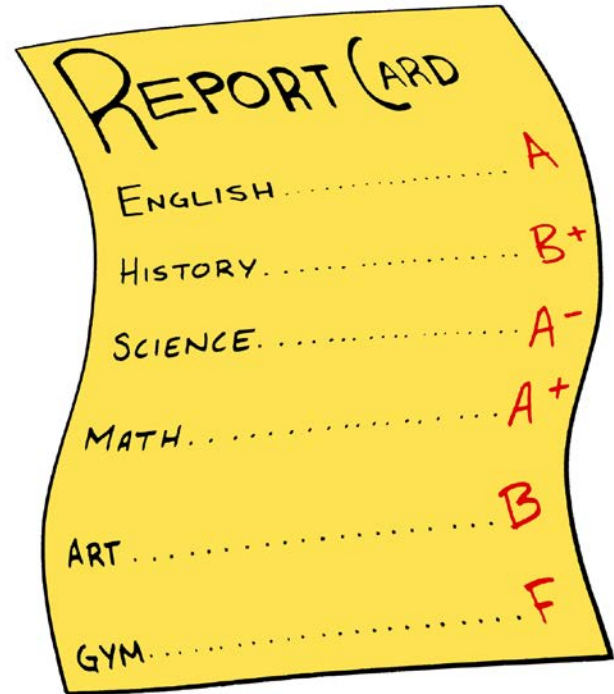
- Lending
  - Mortgage lending in LMI census tracts
  - Small business lending in LMI census tracts
- Investment
  - Investments in LMI census tracts
  - Grants to community organizations
- Services
  - Bank branches in LMI census tracts
  - Products designed to meet community needs





# What are the leverage points?

- CRA Exams
  - Every 3-5 years
  - Failing grades make it harder to grow
- Mergers
  - Regulators want to see a plan to meet increased obligation of increased deposit shares
  - Can include fair housing issues in complaints
- Branch Closures
  - Branches in LMI census tracts



Regulators

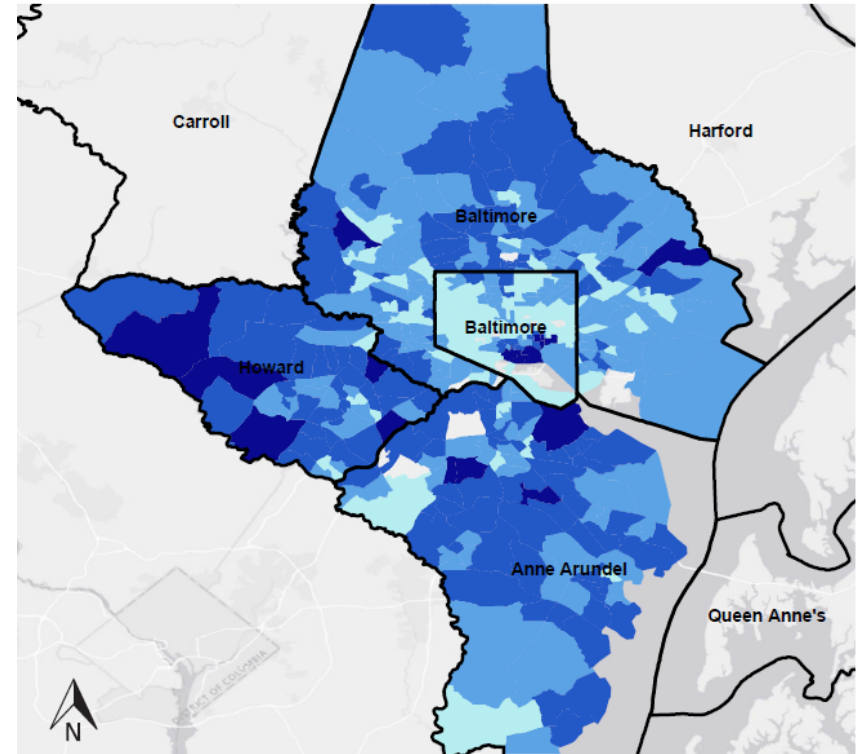
Community

Banks

# Does CRA work?

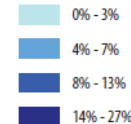
*“Full responsibility for CRA enforcement has always been the job of people in the neighborhoods. When we wanted agreements, we had to do research, demand data, solicit banks, develop products and direct outreach to the borrowers.”*

Gail Cincotta, Chairperson, National  
People's Action  
1999



Home Loans Per Occupied Household  
Home Purchase Loans 2011-2013

Home Purchase Loans  
Per Occupied Unit



**What this shows:** This map illustrates the low levels of mortgage lending within Baltimore City, contrasted with the surrounding suburban counties. The communities clustered around the Inner Harbor and in the north shows high levels of lending, like the suburbs. This is in stark contrast with West and East Baltimore, which have much lower levels of lending activity.



# 40.67%

Bank of America's Market Share in Baltimore City as of June 30, 2017

\$10,851,306,000 in Deposits

# Bank of America's Branching Pattern

Census Tract Income Level	# of branches in 2006	# of branches 2016	% change in branches by census tract	Deposits in 2006 in \$000s	Deposits in 2016 in \$000s	% change in deposits by census tract
Low	5	3	-40%	\$163,981.00	\$233,152.00	42.18%
Moderate	7	5	-28.60%	\$254,153.00	\$773,130.00	204.20%
Middle	8	5	-37.50%	\$5,369,979.00	\$8,883,952.00	65.44%
Upper	4	4	0.00%	\$220,536.00	\$488,162.00	121.35%
Total	24	17				

# Bank of America Branch Pattern 2006-2017

Bank Branch Closing 9/12/2017

 21215

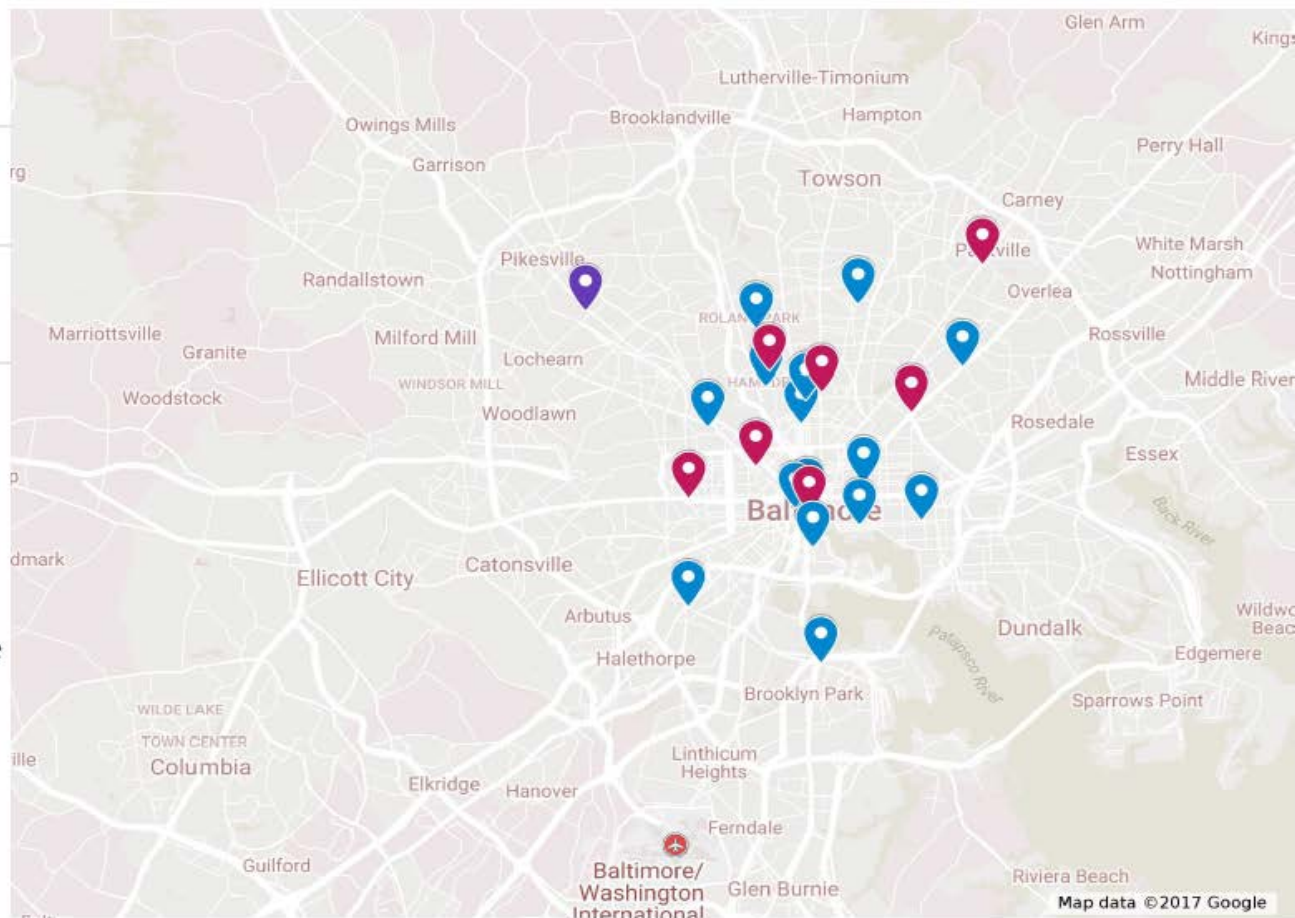
Closed Bank Branches

 All items

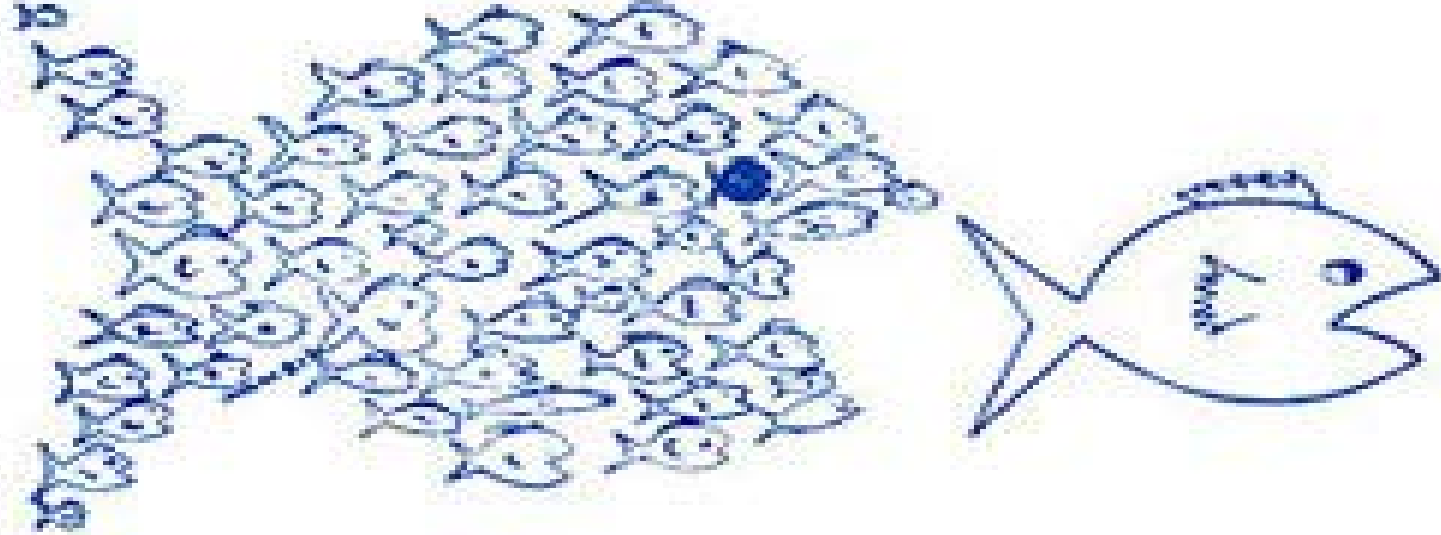
Current Branches

 All items

This map shows Bank of America's diminishing footprint in Baltimore City between 2006 and 2017. The branches in blue are current branches. Red branches have been closed. The purple branch in northwest Baltimore will close on 9/12/2017.



So what should we do about it?



**ORGANIZE**

SPRINT



What's next?





Contact

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for assistance  
holding banks in  
your community  
accountable!

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