

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2019 Legislative Session

Resolution No. CR-97-2019

Proposed by Council Member Turner

Introduced by Council Member Turner, Streeter, Anderson-Walker, Franklin, Glaros,
Dernoga, Ivey, Taveras & Harrison

Date of Introduction November 12, 2019

RESOLUTION

1 A RESOLUTION concerning

2 The Community Reinvestment Act

3 For the purpose of expressing the County Council's support for the Community Reinvestment
4 Act, which encourages lending and investment in low-and moderate-income communities.

5 WHEREAS, the Community Reinvestment Act (the "CRA") was enacted in 1977, to end
6 the practice of "redlining" by financial institutions, a technique used by financial institutions to
7 cut off low-and moderate-income communities and any communities with large minority
8 populations, from financial services. Residents of "redlined" communities could not access
9 credit services, such as mortgages and business loans, regardless of their qualifications or
10 creditworthiness; and

11 WHEREAS, the CRA establishes a regulatory regime for monitoring the level of lending,
12 investments, and services in low-and moderate-income communities traditionally underserved by
13 lending institutions, and examiners from the federal Office of the Comptroller of the Currency,
14 the Federal Deposit Insurance Corporation, and the Federal Reserve Board assess and "grade"
15 the activities of lending institutions in low-and moderate-income communities; and

16 WHEREAS, agency examiners' findings that a financial institution is not serving these
17 communities may result in the delay or denial of such institution's request to merge with another
18 lender, to open a branch, or expand any of its services, or conditionally approve a merger
19 application subject to an institution meeting specified improvements in lending or investment
20 services in low-and moderate-income communities, and its CRA grade may be downgraded if
21 evidence of illegal, abusive, or discriminatory lending on their fair lending exams is found; and

22 WHEREAS, since 1996, according to the National Community Reinvestment Coalition,

1 CRA-covered banks issued more than 25 million small business loans in low-and moderate-
2 income tracts, totaling more than \$1 trillion, and \$980 billion in community development loans
3 that support affordable housing and economic development projects; and

4 WHEREAS, the CRA has provided tremendous benefits to low-and moderate-income
5 communities by the annual dollar amount of community development loans increasing 443
6 percent from \$17.7 billion in 1996 to \$96 billion in 2016; and

7 WHEREAS, studies have found that CRA-covered home lending is safer and sounder than
8 non-CRA covered lending, and that when a larger share of lending is issued by CRA-covered
9 banks rather than independent mortgage companies, a neighborhood experiences lower
10 delinquency rates and less risky lending; and

11 WHEREAS, despite the tremendous benefits of the CRA to communities, the full potential
12 of CRA has not been realized because it has not been updated to reflect modern changes in the
13 banking industry and the economy, and independent mortgage companies not covered by CRA
14 now make more than 50 percent of the home mortgage loans in the United States and financial
15 technology companies operating via the internet and not covered by CRA are rapidly increasing
16 their lending; and

17 WHEREAS, some ideas have been put forth that will substantially weaken the CRA, rather
18 than modernize it, geographic assessment areas must remain the focus of CRA exams for all
19 banks; banks should continue to be graded on every geography where they lend or receive a
20 significant percentage of their deposits; banks cannot be allowed to cherry-pick where they lend
21 – and where they don't lend at all or to ignore the credit needs of distressed and vulnerable
22 communities; and

23 WHEREAS, a modernized CRA should expressly provide that covered financial
24 institutions are obligated to fairly serve all races and ethnicities, and banks that engage in large-
25 scale illegal and harmful activities should fail their CRA exams.

26 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's
27 County, Maryland, that the County Council supports those efforts aimed at modernizing the
28 CRA, but not relax or undermine the law's goal and intent.

29 BE IT FURTHER RESOLVED that the County Council opposes regulators efforts to raise
30 bank thresholds and exempt more banks, such as intermediate small banks and mid-sized banks,
31 from examination of their community development lending and investments.

1 BE IT FURTHER RESOLVED that the County Council supports modernizing the CRA to
2 apply it to non-bank institutions, including mortgage companies, financial technology
3 companies, and credit unions.

4 BE IT FURTHER RESOLVED that the County Council opposes regulators' efforts to
5 water down the penalties under the CRA for discrimination.

6 BE IT FURTHER RESOLVED that the County Council supports a CRA with a clearly-
7 defined grading system that emphasizes lending, bank branches, fair lending performance, and
8 responsible loan products for working class families.

9 BE IT FURTHER RESOLVED that the County Council supports efforts to hold a bank
10 accountable if it fails its CRA exam or wishes to acquire a bank with a better CRA grade, and
11 urges agencies to recognize and encourage community benefit agreements and efforts that
12 motivate banks to make more loans, investments, and services available to traditionally
13 underserved communities.

14 BE IT FURTHER RESOLVED that a copy of this Resolution be sent by the Clerk of the
15 Council to the Office of the Chairman of the Federal Deposit Insurance Corporation Jelena
16 McWilliams; to the Office of the Comptroller of the Currency Joseph M. Otting; to the Office of
17 the Federal Reserve Chairman Jerome H. Powell; and to all members of the U.S. Congress
18 representing Prince George's County.

Adopted this 12th day of November , 2019.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Todd M. Turner
Chair

ATTEST:

Donna J. Brown
Acting Clerk of the Council