



National Community
Stabilization Trust

March 23, 2020

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
Constitution Avenue and 20th Street, N.W.
Washington, DC 20551

The Honorable Joseph M. Otting
Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20551

The Honorable Jelena McWilliams
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Chairman Powell, Comptroller Otting, and Chairman McWilliams:

Thank you so much for issuing the “Joint Statement on CRA Consideration for Activities in Response to COVID-19” to encourage financial institutions to work constructively with borrowers during these times of economic uncertainty and stress. Your actions reflect the learnings of the Great Recession that deploying appropriate loss mitigation tools for borrowers is consistent with safe and sound banking practice and is in the long-term interest of both communities and the financial system. However, your agencies may need to issue additional guidance to financial institutions assuring them that they will receive CRA consideration for activities that revitalize or stabilize low and moderate income geographies by attracting new or retaining existing businesses or residents.¹

The National Community Stabilization Trust was created during the Great Recession to restore vacant and abandoned properties to productive use and to protect neighborhoods from blight. Established in 2008, NCST has worked with hundreds of local partners across the nation to renovate more than 27,000 foreclosed homes and put them back into productive use for homeownership or affordable rental. We have also managed pools of highly distressed mortgage loans to stabilize neighborhoods and assist homeowners.

Our experience with blight and vacancy suggests that it is important for all of you to monitor housing conditions in low- and moderate-income neighborhoods and be vigilant about rising rates of vacant and abandoned properties. To avoid new blight in neighborhoods, NCST supports an exception to the foreclosure moratorium for vacant properties because it is important that these properties move through the process and be transferred to responsible owners. We

commend FHFA for including this exception in their moratorium, and we are encouraging FHA, USDA, and VA to do the same.

Additionally, in light of the depth and breadth of the economic dislocation that may be caused by the COVID-19 pandemic as well as the extreme pressure on resources that it has put on community-based organizations and nonprofits, it seems prudent for your agencies to pause the Notice of Proposed Rulemaking on the Community Reinvestment Act that was issued by the OCC and the FDIC in the January 9, 2020. Given how important CRA has been over the past forty years in driving lending and investment to low and moderate income communities and how profound the questions raised by the NPRM are, it seems wise to wait for a time when your agencies can give these issues the attention they deserve.

Again, we greatly appreciate that you issued your Joint Statement so promptly in the crisis. Please feel free to contact me at 202-706-7501 or jgordon@stabilizationtrust.org if you would like to discuss these issues further.

Sincerely,

A handwritten signature in cursive script that reads "Julia Gordon".

Julia Gordon
President

ⁱ *Interagency CRA Questions and Answers Regarding Community Reinvestment*, page 48527