

**Joint Agencies CRA Reform Public Hearing
Tish Secrest, Bank of America, Chief CRA Officer
Los Angeles, CA
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OPENING/GENERAL COMMENTS

Good morning. I am Tish Secrest, Chief CRA Officer for Bank of America.

We have always been and remain a proponent of CRA. Nevertheless, we advocate for reform because the spirit of CRA should be restored by adopting new rules that reduce the immense complexity that has evolved over 30 years.

You have asked that we provide comment on 3 areas and offer the following.

I. SMALL BUSINESS AND CONSUMER LENDING

Bank of America is the largest provider of financial services to small business owners in the U.S., with more than 4 million customers.

The statutory directive of CRA is to ensure that banks meet the needs of its entire community, including low- and moderate-income neighborhoods. This two-pronged view for encouraging, assessing and recognizing full impact of a bank's lending should be preserved. To this end, we suggest these changes:

- 1) Inclusion of all loans to businesses with revenues less than \$5 million. If the intent is to support small businesses, size of loan and location should be irrelevant;
- 2) Inclusion of all business loans within LMI areas. They are economic engines and anchors that provide stability and jobs within LMI neighborhoods;
- 3) Inclusion of all SBA or other government-guaranteed lending;
- 4) Additional credit for small loans to businesses less than \$100,000;
- 5) Inclusion of all small business loan modifications;
- 6) Inclusion of products, services and technical assistance for a holistic view; and
- 7) Exclusion in analysis of businesses where revenues are unknown ... consistent with HMDA analysis; and
- 8) Consistency in data collection and reporting requirements between Consumer Financial Protection Bureau and CRA.

With regard to consumer lending, Bank of America recommends it remain optional based on a bank's business strategy. Requiring it would further overemphasize lending and shift focus from other needed banking or CD services.

II. PERFORMANCE EVALUATIONS

With respect to performance evaluations, we have several recommendations. I'll touch upon two.

First, community development activities are at the heart of CRA, yet are undervalued as "additive". These should be elevated in importance and carry more weight within the three performance tests, *or* constitute a new, stand-alone test.

Second, performance context is an immensely important factor to meaningful data assessment. It should be taken into account in all geographic markets. And, if context is truly valued, there should not be expectations *nor* evaluations based on year-over-year ... or exam-to-exam increases. The past three years underscore that economic cycles do occur ... and performance may be adversely affected.

III. CRA DATA COLLECTION, REPORTING, AND DISCLOSURE

Turning to CRA data collection, reporting, and disclosure...Bank of America supports the continued CRA focus on income. However, we would recommend that:

- CD lending be reported at state and/or MSA levels to provide peer and industry analysis;
- Quantitative data tables be separated from qualitative narratives so that full assessment of impact and results are not lost in the numbers; and
- Qualitative assessments should clearly describe impacts in all markets, not just in full scope areas.

IV. ACCESS TO BANKING SERVICES

Briefly, I would like to address another area – Access to Banking Services.

The headline is that customer behavior has changed dramatically, but banks are not receiving CRA credit for the creative ways that they are responding. More transactions are done by all of our customers through our ATMs than in our banking centers. Telephone and online banking usage are approaching parity with market demographics.

And, while mobile banking is still viewed as emerging, we expect this to be a “game changer” for all customers with U.S. cell phone penetration upwards of 90 percent.

Banks receive virtually no CRA credit for providing state-of-the art options in providing this access. Regulatory emphasis on banking centers is limited and outdated.

Similarly, there should be substantive credit for products and services that “benefit” rather than “*specifically target*” LMI customers. For example, we were the first bank to join the Bank On California program for the unbanked.

However, because we used a low-cost, mass market checking product, we received negligible CRA credit despite our leadership. Earlier this year, we introduced an industry-leading overdraft policy – yet we will receive no CRA credit for its profound positive benefit to LMI customers.

It is time for a broader view of access, and re-distributing Service Test weightings will help promote greater access.

CONCLUSION

In conclusion the end result should be the mutual gains that come from maintaining a strong banking industry and creating strong communities.

As the agencies consider ways to increase impact and reach, safety and soundness must be kept in balance. That is the linchpin to having CRA continue to be relevant, viable and impactful for the next 30 years.

Thank you for this opportunity to be a part of these discussions.

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