U.S. Sen. Baldwin: Votes for resolution to overturn Trump administration's harmful rule gutting the Community Reinvestment Act

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WASHINGTON, D.C. – Tonight, U.S. Senator Tammy Baldwin (D-WI) voted to overturn a Trump administration rule that would gut the *Community Reinvestment Act* and its critical financial protections for communities of color and low-income communities. The Senate vote on a Congressional Review Act resolution of disapproval was unsuccessful, with 48 Senate Republicans opposing overturning the Trump administration rule.

Weeks into the pandemic, the Trump administration's Office of the Comptroller of the Currency (OCC) finalized a new *Community Reinvestment Act* rule without the support of the other two financial regulators responsible for carrying out the *Community Reinvestment Act*, the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC).

The OCC rule change was opposed by civil rights, consumer, and housing advocates who said it creates "new, gaping loopholes that will allow banks to reduce their focus on lower-income borrowers and communities." Tonight's vote on the Senate floor was Senate Democrats' attempt to overturn this harmful rule that effectively guts the *Community Reinvestment Act*.

"We've already seen this pandemic hit Wisconsin workers and small businesses the hardest, while huge corporations and Wall Street move to the front of the line for assistance. Now, the Trump administration is working to make it easier for banks to leave communities of color and low-income communities behind at the height of a public health and economic crisis," **said Senator Baldwin.** "Congress passed the *Community Reinvestment Act* as a direct response to decades of redlining and discriminatory lending by helping low-income communities secure the loans and investments they need. Now more than ever, we need this tool to help get folks back on their feet and through this crisis. The Trump administration's rule needs to be immediately repealed and we must restore the *Community Reinvestment Act* now."

The OCC's rule creates new, gaping loopholes that will allow banks to reduce their focus on lower-income borrowers and communities. The rule change effectively guts the law by:

- Putting a thumb on the scale for bigger projects over smaller loans that may better serve underserved communities;
- Giving credit for new activities and loans to larger businesses and large-scale farms;
- Limiting the public's access to information on banks' community lending and investment; and
- Creating yet more chaos, confusion, and inconsistency when it comes to supervision.

Congress passed the *Community Reinvestment Act* in 1977, with strong leadership from former Senator William Proxmire of Wisconsin. The action by Congress 43 years ago was a community development initiative that sought to reverse the harmful effects of decades of redlining, where discriminatory practices cut off access to loans and investments for communities of color and low- and moderate-income communities. The *Community Reinvestment Act* requires banks to serve all parts of the communities where they do business, including low- and moderate-income communities.

For more than four decades, the Federal Reserve, the FDIC, and the OCC have given ratings to the banks they regulate to assess how well they meet all communities' needs – not just the wealthiest or easiest to serve. The *Community Reinvestment Act* helps facilitate investments in mortgage lending in low- and moderate-income areas, small business lending, small farm lending, investments in community development financial institutions (CDFIs), investments in minority depository institutions (MDIs), and investment in affordable housing (including through the Low-Income Housing Tax Credit, or LIHTC).

An online version of this release is available here.