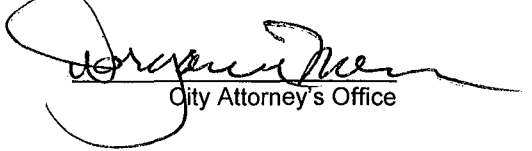


FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

19 JAN 16 PM 4:16

Approved as to Form and Legality

  
City Attorney's Office

## OAKLAND CITY COUNCIL

RESOLUTION NO. 87528 C.M.S.

INTRODUCED BY COUNCIL PRESIDENT KAPLAN

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### RESOLUTION IN RESPONSE TO CONCERNS REGARDING THE OFFICE OF THE COMPTROLLER OF CURRENCY'S ADVANCED NOTICE OF RULEMAKING REGARDING THE COMMUNITY REINVESTMENT ACT (CRA)

**WHEREAS**, the Community Reinvestment Act (CRA) was enacted on October 12, 1977 to end the practice of "redlining" by financial institutions where they would draw a red line on a map around the neighborhoods they did not want to offer financial services; before the enactment of the CRA, redlining made it near impossible for low- and moderate-income Americans, racial and ethnic minorities, and their neighborhoods to access credit services, such as mortgages and business loans, regardless of their qualifications or creditworthiness; and

**WHEREAS**, discrimination in lending is still a problem; and

**WHEREAS**, the CRA states that "regulated financial institutions have continuing and affirmative obligations to help meet the credit needs of the local communities in which they are chartered"; and

**WHEREAS**, if a regulatory agency finds a financial institution not serving these neighborhoods, it can delay or deny that institution's request to merge with another lender or to open a branch or expand any of its other services; the financial institution regulatory agency can also approve the merger application subject to specific improvements in a bank's lending or investment record in low- and moderate-income neighborhoods; and

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

**WHEREAS**, despite the tremendous benefits of CRA to communities, the full potential of CRA has not been realized because it has not been updated to take into account changes in the banking industry and the economy; independent mortgage companies not covered by CRA now make more than 50 percent of the home mortgage loans in America and financial technology companies ("Fintech") not covered by CRA operating via the internet are rapidly increasing their lending; and

**WHEREAS**, notwithstanding the need to modernize CRA, we are concerned about ideas from some federal regulators that would substantially weaken the law; and

**WHEREAS**, CRA should explicitly state the law's obligation to fairly serve all races and ethnicities; banks that engage in illegal, harmful and discriminatory activities should fail their CRA exams; now, therefore, be it

**RESOLVED:** That the City of Oakland, will support efforts to modernize CRA, but not relax or undermine the law's goal and intent; and be it

**FURTHER RESOLVED:** That the City of Oakland, will support modernizing CRA to apply it to non-bank institutions including mortgage companies, financial technology companies, insurance, and credit unions; and be it

**FURTHER RESOLVED:** That the City of Oakland, will oppose efforts by the Office of the Comptroller of the Currency and other regulators to water down penalties under CRA for discrimination; and be it

**FURTHER RESOLVED:** That the City of Oakland, will oppose regulators' efforts to weaken public participation, a key element to CRA, bank performance evaluations, and bank merger and expansion applications; and be it

**FURTHER RESOLVED:** That the City of Oakland, will support efforts to ensure that banks that unnecessarily displace neighborhood homeowners, residents, and small businesses suffer CRA downgrades if they do not develop policies to mitigate displacement and to instead reinvest in community stability.

IN COUNCIL, OAKLAND, CALIFORNIA,

- FEB 05 2019

PASSED BY THE FOLLOWING VOTE:


AYES - FORTUNATO BAS, GALLO, KALB, GIBSON MCELHANEY, REID, TAYLOR, THAO AND PRESIDENT KAPLAN - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:

  
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LATONDA SIMMONS  
City Clerk and Clerk of the Council of the  
City of Oakland, California