NORTHERN CALIFORNIA COMMUNITY LOAN FUND

September 10, 2004

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Mr. Feldman:

Re: RIN 3064-AC50

I am writing as the president of the Northern California Community Loan Fund to urge you to withdraw your proposed changes to the Community Reinvestment Act (CRA) regulations. CRA has been instrumental in increasing homeownership, boosting economic development, and expanding small businesses in the nation's immigrant, low- and moderate-income, and people of color communities, and I feel strongly that the changes you propose would severely weaken its continued impact..

By way of introduction, the Northern California Community Loan Fund (NCCLF) is a nonprofit community development financial institution dedicated to strengthening the economic base of low-income communities in Northern California. As a federally-certified CDFI, we supply loan capital and financial training to groups that develop affordable housing, job-training programs, community facilities, and vital human services in poor communities. NCCLF serves as a bridge between socially responsible investors and community organizations that have limited access to financing from traditional lending institutions. Because we understand the financial issues facing nonprofits that serve our neediest citizens, we also offer technical assistance and training services designed to assist nonprofits with long-term financial planning, growth management, analysis of development projects, and proper financial management.

Hundreds of thousands of dollars invested in NCCLF are derived from the very banks slated for FDIC regulation changes in the Community Reinvestment Act. Therefore, I fear that the proposed changes will result in the elimination of some of the nonprofit services NCCLF funds to provide affordable housing and community economic development. Your proposed changes will slow down, if not halt, the progress made in community reinvestment. If approved, this will result in significantly fewer loans and investments in affordable rental housing, health clinics, and economic development projects.

I believe that the proposed FDIC regulations could have devastating effects on both urban and rural communities in Northern California. Urban communities will be affected because of their diverse populations with varied income levels. People may no longer be eligible for checking

870 Market Street, Suite 677 . San Francisco, CA 94102 . Tel 415/392-8215 . Fax 415/392-8216 . www.ncclf.org

and savings accounts if they are consumers with modest incomes. And the proposal will particularly affect rural areas, whose residents are least able to afford reductions in credit and capital. This is because your proposed community development activities in rural areas can benefit any group of individuals instead of *only* low- and moderate-income individuals, the people currently being served, and those who need these activities the most.

Under the current CRA regulations, banks with assets of at least $250 million are rated by performance evaluations that scrutinize their level of lending, investing, and services to low- and moderate-income communities. Investment and services are a great part of bank's assistance to community reinvestment, keeping disadvantaged communities alive with growth. The proposed lending criteria will decrease access to credit for small business, offering less help for low- and moderate-income communities to improve and grow. Furthermore, the CRA current regulations have fostered true partnerships among community service groups, CDFIs like us, and regulated banks – partnerships that your proposed changes will greatly weaken.

The FDIC's proposal is directly opposite CRA's statutory mandate of imposing a continuing and affirmative obligation to meet community needs. Instead of weakening this mandate, we believe that you should be proposing additional community development and data reporting requirements for more banks instead of reducing existing obligations. A mandate of affirmative and continuing obligations implies expanding and enlarging community reinvestment, not significantly reducing the level of community reinvestment.

The proposed changes will dramatically reduce community development lending, investing, and services. This is a serious mistake. Eliminating critical data on small business lending will also result in further reductions to the amount and type of small business lending. Without data, community groups and citizens cannot hold banks accountable for lending to small businesses in their neighborhoods.

CRA is a vital reinvestment tool, helping to increase home, small business, and community development lending in underserved and lower income communities. CRA is too important to be weakened in the ways you propose. I urge you to drop your proposal, as did the Federal Reserve Board and the Office of the Comptroller of the Currency, recognizing the irremediable harm this proposal would cause.

Sincerely,

Mary A. Rogier

Mary A. Rogier
President

cc: National Community Reinvestment Coalition
President George W. Bush
Senator John Kerry
Senator John Edwards