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The Honorable Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
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Congress of the United States
House of Representatives

Committees:
Government Reform
Education and Workforce

October 14, 2004

Re: 12 CFR Part 345 Community Reinvestment
Comments on Proposed Rulemaking RJN 3064-AC50

Dear Chairman Powell:

I am very concerned about FDIC's planned lifting of Community Reinvestment Act data collection and reporting requirements from financial institutions holding assets of up to \$500 million. In light of a newly published report finding that low-income, African-American and Hispanic borrowers have lost ground in the home loan market, FDIC's rule change can be expected to aggravate the disparities. That is at odds with the purpose of the CRA.

The report, by ACORN Fair Housing and entitled "The Great Divide," finds that the disparity of denial rates for minority and white applicants fell from 1993 to 1998, but by 2003, it had returned to 1993 rates. The report also finds that conventional lenders continue to underserve low and moderate income neighborhoods. These and other findings derive from a study of government data.

If FDIC implements the rule change, a greater number of conventional lenders will no longer receive scrutiny for their CRA compliance. This will predictably worsen the disparities CRA is intended to address.

I therefore request that FDIC suspend the rulemaking process pending a full examination of the effects of the rule change in light of the new research. If FDIC chooses not to suspend rulemaking, then the comment period should be extended for 60 days to provide the public the opportunity to compare the potential effects of the rulemaking with the trends presented in the ACORN report.

I look forward to your response.

Sincerely,

Dennis J. Kucinich
Member of Congress

DJK:jb