August 5, 2004 VIA FAX 202-898-3500

Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Mr. Powell:

The California Community Reinvestment Corporation Consortium is a nonprofit corporation that responds to California's statewide affordable housing shortage. Our commitment extends to communities throughout the state, serving urban and rural populations from the Oregon to Mexico borders. We specialize in aiding families and seniors, citizens with special needs and mixed-use developments. Our members are comprised of 44 insured depository institutions. Since 1989, our nonprofit organization has provided more than $594 million in funds for building and/or for rehabilitating more than 23,000 units of affordable rental housing.

The California Community Reinvestment Corporation, like many other successful, nonprofit providers of affordable housing throughout the country, relies on our bank partners as sources of private capital to leverage limited federal subsidies. The impetus to increase private lending in low- and moderate-income (LMI) communities comes from the Community Reinvestment Act (CRA) which, as you know, directs insured depositories to help meet the credit needs of their communities.

In the near future, the FDIC is expected to consider adopting a proposed rule change by the Office of Thrift Supervision (OTS) to increase the asset threshold for the CRA large bank exam from $250 million to $1 billion. We believe OTS' proposed rule change would have a devastating effect on affordable housing investment in California and elsewhere throughout the nation, particularly in rural areas, and we urge you not to change the current threshold.

The FDIC's data on institutions' asset sizes suggests that raising the threshold to $1 billion would exempt thousands of banks from the large bank exam, in which banks demonstrate services and investments in LMI communities. The loss of approximately 2000 bank partners nationwide, with assets of nearly $1 trillion, and an estimated $5 billion of private capital for affordable housing and

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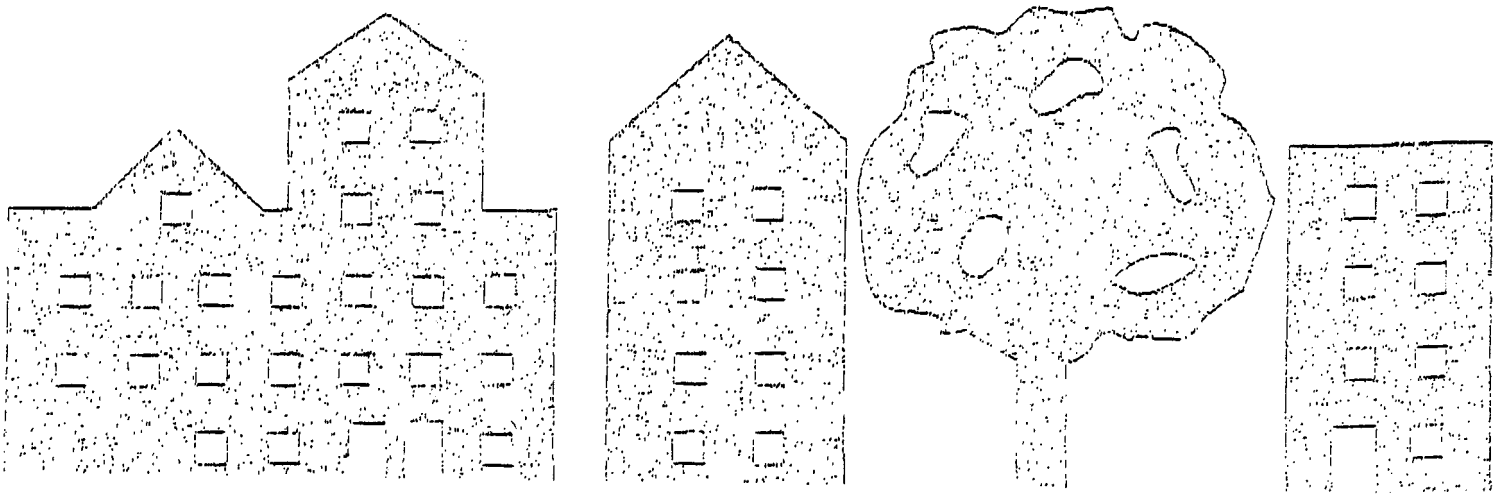
community development over the next few years, will dramatically reduce production of affordable housing.

In California, raising the threshold to $1 billion would certainly have negative impacts. FDIC data shows that 88 insured depository institutions that currently have the CRA impetus to provide services and investments in LMI communities would no longer, exempting a total of 255 and leaving only 63 covered institutions in our state. The drop in covered lenders will undoubtedly reduce resources for affordable housing and community development in our state. Some communities in California will have no institutions with a CRA impetus to invest.

Now is not the time to reduce the private capital available to leverage dwindling Federal resources. All communities deserve evidence that institutions enjoying the benefits of Federal deposit insurance are held to the same standard of helping to meet the credit needs of their communities.

Sincerely,

Mary Kaiser
President