



NATIONAL COMMUNITY INVESTMENT FUND

a certified CDFI and CDE reinvesting in community- and minority-owned financial institutions with a community development focus

www.ncif.org | info@ncif.org | 312-881-5851 phone | 312-881-5801 fax
2230 S. Michigan Avenue | Chicago, IL 60616

May 10, 2005

OCC: regs.comments@occ.treas.gov

Federal Reserve Board: regs.comments@federalreserve.gov

FDIC: comments@fdic.org

To Whom It May Concern:

National Community Investment Fund (NCIF) appreciates the opportunity to comment upon on the joint interagency proposal of the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Board and Office of the Comptroller of the Currency (OCC) on CRA rules for mid-sized banks with assets between \$250 million and \$1 billion.

NCIF is a certified community development financial institution (CDFI) and community development entity (CDE) whose mission is to increase the number and effectiveness of domestic, depository institutions that are both effective agents of local community development in distressed markets and sound financial institutions. The third largest private sector investor in community development banking institutions, NCIF invests in depositories located in the range of urban, rural, and reservation distressed markets. All of the banks in which NCIF invests are under \$1 billion in assets. Among NCIF's current portfolio, 70% of institutions are in urban and 40% in rural and reservation markets (with some in both); 82% percent are minority-focused and 67% of dollars are invested in minority-owned institutions. Those institutions that are not minority-focused are located in rural, underserved markets.

NCIF strongly supports the premise of the interagency proposal that it is both worthwhile and possible to improve the CRA rules in ways that reduce unnecessary burden while at the same time improving the effective implementation of the CRA. NCIF applauds the agencies in taking steps to achieve these goals, and working toward standards that can apply on a uniform basis to all banks subject to the CRA. We encourage the agencies to take advantage of a recent change in leadership at the OTS to solicit that agency to join with the other agencies for a comprehensive interagency effort aimed at efficient yet highly effective CRA policy.

With regard to specific aspects of the proposal:

NCIF supports the new community development test that would be separately rated in CRA examinations for banks with at least \$250 million and less than \$1 billion in assets. We support the position that an intermediate small bank would not be eligible for an overall rating of "satisfactory" unless it received ratings of "satisfactory" on both the lending and community development tests.

NCIF supports the broadening of the definition of “community development” to encompass: 1) affordable housing for individuals in underserved rural areas and designated disaster areas (in addition to low- and moderate-income individuals) and 2) community development activities that revitalize or stabilize underserved rural areas and designated disaster areas (in addition to low- and moderate-income areas). We have seen how rural markets, in particular, often suffer continued disinvestment due to the lack of an effective incentive structure for mobilizing community lending and investing such as this broadened definition would provide.

NCIF supports the proposal that a bank’s evaluation be adversely affected by evidence of predatory or other negative practices, regardless of whether the practices involve loans in the bank’s assessment area(s) or in any other location or geography, as well as by evidence of such practices by any affiliate.

NCIF opposes any changes that reduce the reporting requirements for banks with assets between \$250 million and \$1 billion relative to data on small business, small farm, and community development lending. Although as an institutional investor in small banks we appreciate the burden such reporting requirements can bring about, we believe the public availability of detailed data on lending practices is essential to evaluating whether CRA policy is effective. Such publicly available data also provides a strong market incentive for insured depositories to promote their services in underserved markets.

We trust that these comments will be useful as the agencies finalize proposed changes to CRA. We would be delighted to meet or provide further information if this would be helpful in the process.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Richter", written in a cursive style.

Lisa Richter
Fund Advisor
National Community Investment Fund
312-543-8385