

From: princhar@onewest.net [mailto:princhar@onewest.net]
Sent: Thursday, May 05, 2005 3:52 PM
To: Comments; regs.comments@federalreserve.gov; regs.comments@occ.treas.gov
Subject: SPAM::Save the Community Reinvestment Act

Dear regulators,

To whom it may concern:

Thank you for the opportunity to comment on proposed changes to the Community Reinvestment Act (CRA). This proposal is an improvement over the proposal issued in early 2004, but contains serious flaws that allow the CRA to fall short of its full potential to channel loans, investments, and services to low and moderate-income people and to underserved communities.

I have been involved in community development for over 30 years. I have seen numerous programs come, fail and go in their efforts and intent to encourage investment in poor communities, particularly in the rural west. CRA is one of the few programs which has actually succeeded in bringing private sector resources to bear on the issues surrounding job and affordable housing creation.

The proposal to change CRA would create a new category of "intermediate small banks" having between \$250 million and \$1 billion in assets, and would subject those banks to a two-part CRA examination including a lending test and a new "community development" test. I urge you to discard this proposal and maintain the current three-part test. Lending, investment, and services are all critical components of a bank's CRA strategy, and a maximum number of banks should be subject to those obligations. I will also be contacting my congressional delegation about the proposed changes and the negative impacts they will have in our state. Nearly half of the banks in Idaho will be affected by this change.

Partnerships with and investments in community development financial institutions (CDFIs) are an important way that many banks meet their commitment to serve their markets. Replacing the Investment Test with a Community Development Test that does not explicitly encourage investment and services could stifle these partnerships, which have created new customers and new markets for banks.

In addition to maintaining the three-part test, the regulators should keep the portion of an earlier proposal that required public disclosure of lending data on small business and farm lending. The Home Mortgage Disclosure Act (HMDA) has resulted in new understanding of home mortgage markets and helped millions of low-income and minority borrowers become homeowners. Requiring similar data on small business lending would help close gaps in availability of business credit. The HMDA data is frequently the best and only indication of the lending needs within poor communities.

The purpose of the CRA is to extend credit and capital to low-income people and communities. For this reason, the agencies must target CRA lending and benefits to low and moderate-income people in rural areas, rather than assigning credit for any lending in a rural or non-metropolitan area.

Finally, the agencies should take advantage of this opportunity to expand CRA to keep pace with a "modernized" financial services industry. CRA should be extended to all portions of the financial services industry, including insurance and securities portions of bank holding companies, which receive a public subsidy. The agencies should also use CRA to protect consumers from predatory lending by promulgating strong anti-predatory lending standards and considering predatory and high-cost loans of banks, including affiliates, in CRA scores.

Once again, I urge you to withdraw this proposal and maintain the current three-part CRA test to benefit low and moderate-income people and underserved communities across the country. Thank you for the opportunity to comment.

Sincerely,

Dr. Chuck Prince
Chuck Prince
925 Jones Drive
Pocatello, ID 83201