

From: Gregory D. Squires [<mailto:squires@gwu.edu>]
Sent: Tuesday, March 29, 2005 4:45 PM
To: Comments
Subject: SPAM::RE: RIN 3064-AC89

March 29, 2005

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St. NW 20429

To Whom it May Concern:

I am writing to urge you to revise your proposed changes to the Community Reinvestment Act (CRA) regulations so that the benefits of this statute can be preserved. While the current proposal is an improvement from the one you issued in the fall, serious issues remain.

It is important that banks with assets between \$250 million to \$1 billion continue to be actively involved in lending, investment, and service to low- and moderate-income communities. If you move to a development test, it is vital that all three areas of activity continue to be required. The investment test has led to increased homeownership and business development activity in distressed neighborhoods, often to the benefit of lenders as well as residents. The service requirement provides one of the few tools for encouraging more branch banks and fewer fringe banking institutions (e.g. check cashers, pawn shops, payday lenders) which are becoming the banker of first resort in far too many communities.

Disclosure, of course, has been essential to make CRA work. I urge you to drop your proposed elimination of public data disclosure requirements regarding community development, and small business and small farm lending. The only way to hold mid-size banks accountable for providing credit to small firms and for affordable housing and community development is if the CRA data remains publicly available. You must not change the requirement that community development in rural areas must benefit low- and moderate-income areas and distressed communities.

The CRA has benefited traditionally underserved communities and the larger regions of which they are a part. More than \$4 trillion in reinvestment funds have been generated as a result of CRA and related initiatives. Research by the Federal Reserve, Treasury, Harvard's Joint

Center for Housing Research and others has demonstrated the positive effects of CRA. In addition to generating increased investment for these neighborhoods, my own research has documented that the statute has contributed to lower neighborhood crime rates and has helped racial minorities access housing opportunities in predominantly white neighborhoods traditionally closed to them. The attached opeds from the American Banker and Seattle Post Intelligencer summarize the findings of full reports that are available at your request.

Thank you for your consideration of my comments.

Sincerely,

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