

**Parker, Steve**

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**From:** NAAHL [naahl@naahl.org]  
**Sent:** Wednesday, September 08, 2004 3:53 PM  
**To:** Comments  
**Subject:** RIN number 3064-AC50

Please disregard the first email.

- Original Message -

**From:** NAAHL [mailto:naahl@naahl.org]  
**Sent:** Wednesday, September 08, 2004 3:49 PM  
**To:** 'Comments@fdic.gov'  
**Subject:** RIN number 3064-AC50

/7?

September 8, 2004

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

**Re: RIN Number 3064-AC50**

Dear Mr. Powell:

As I indicated in my letter of August 6, 2004 (attached), Community Investment Corporation believes that the FDIC's proposal to quadruple the asset threshold for the "streamlined" CRA exam to \$1 billion will harm affordable housing and community and economic development in LMI communities, particularly in rural areas, and we urge you not to adopt it.

Sincerely,

John Pritscher  
President



**Community investment Corporation**

*Chicagoland's Leading Neighborhood Rehabilitation Lender*

222 S. Riverside 1127i, Suite 7201  
Chicago, IL 60606-6109  
312.258.0070 Fax 312.158.8888

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August 6, 2004

Donald E. Powell  
Chairman  
Federal Deposit Insurance Corporation  
55017<sup>th</sup> Street, NW  
Washington, DC 20429

John M. Reich  
Vice Chairman  
Federal Deposit Insurance Corporation  
55017<sup>th</sup> Street, NW  
Washington, DC 20429

Thomas J. Curry  
Director  
Federal Deposit Insurance Corporation  
55017<sup>th</sup> Street, NW  
Washington, DC 20429

John D. Hawke, Jr.  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
250 E Street, SW  
Washington, DC 20219

RE: We oppose proposed OTS rule change increasing CRA bank threshold to \$1 billion

Gentlemen:

Community investment Corporation. (CIC) is a multifamily affordable housing rehab *lender* in the six-county Chicagoland area. CIC's loan pool has grown from \$17 million with 14 banks in 1984 to a *\$556 million revolving loan pool with* 50 investors, including 47 banks. Low loan losses have helped keep interest rates low on higher-risk loans. Since 1984, CIC has made 1,105 loans totaling \$615 million for the rehab of 32,000 units that provide quality affordable housing for about 100,000 Chicago area residents.

Rents on CIC loans are affordable because CIC lends in lower-rent neighborhoods. In FY2003, rents on 9096 of the units receiving CC loans were affordable at 60% of area median income, **and** 87% were below 50% of area median income.



**Community Investment Corporation**

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

IN CHICAGO AND ILLINOIS, RAISING THE **THRESHOLD** TO \$1 BILLION WOULD CERTAINLY HAVE NEGATIVE IMPACTS. FDIC data shows that 736 insured depository institutions that currently have the CRA impetus to provide services and investments in LMI communities would no longer, leaving only 36 covered institutions in our state. The drop in covered lenders will undoubtedly reduce resources for affordable housing and community development in our state. Some Illinois communities 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,

JOHN PRITSCHER  
President

cc; Judy Kennedy, President, National Association of Affordable Housing Lenders