

JESUIT CONFERENCE

THE SOCIETY OF JESUS IN THE UNITED STATES

SOCIAL AND INTERNATIONAL MINISTRIES

May 10, 2005

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
RE: Docket No. R-1225

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th St. NW
Washington, DC 20429
RE: RIN 3064-AC89

Office of the Comptroller of the Currency
250 E St. SW, Mail Stop 1-5
Washington, DC 20219
RE: Docket Number 05-04

To Whom It May Concern:

I am writing to you on behalf of the Jesuit Conference board of the Society of Jesus in the United States regarding proposed changes to the Community Reinvestment Act (CRA) regulations. The Jesuit Conference represents the Society of Jesus in the United States, where there are approximately 3,300 U.S. Jesuit priests and brothers working in 28 Jesuit-affiliated universities and colleges, more than 60 high schools and middle schools, over 80 parishes, and numerous social programs throughout the country. Propelled by a mission of social justice and a commitment to empower individuals, families and communities most at-risk in our society, **I write to urge you to enhance your proposed changes to the CRA regulations so that banks do not reduce their levels of branches, community development loans and investments to low- and moderate-income communities.**

The bedrock of Catholic social teaching is respect for the human dignity of each person. From that flows responsibilities to promote just policies that foster the development of individuals, families and communities, among other things. The CRA has fostered the expansion of access to capital and credit for low- and moderate-income people, and has had a noticeable positive affect on their communities. The Jesuit Conference submitted comments regarding your fall 2004 proposal to change the CRA regulations and we welcome the improvements made in your current proposal. However, informed by our Catholic heritage and support for a preferential option for the poor, we believe serious issues still remain.

Banks must be expected to engage in all of the three essential community development activities – loans, investments and services – in order to pass their CRA exams, as your current proposal properly requires. We are pleased that you have moved away from your previous proposal that would have allowed mid-size banks with assets between \$250 million to \$1 billion to choose between community development loans, investments or services. We believe the current exam structure which separates lending, investment, and service tests is the most effective way to maximize community development financing. *If you move to a new exam format, it is imperative that you ensure the prevention of significant declines in community development financing.*

The role of investments in communities is vital. Investments in affordable housing and economic development build wealth for families and communities, which in turn also opens up new markets for bank lending and services. The importance of investments is one reason why you must carefully develop any final proposal regarding the CRA exam structure.

We also express concern regarding the services test. By removing a separate test for services, CRA exams will no longer hold mid-size banks accountable for the provision of bank branches and low-cost accounts in low- and moderate-income communities. Payday lending and other high cost credit has increased throughout the country in the last several years in communities where Jesuits serve. These areas would suffer under CRA exams that no longer take into account the number of bank branches in traditionally underserved communities. Please add the provision of bank branches as a clear factor on your proposed CRA exams for mid-size banks.

In addition, we urge you to reinstate public data disclosure requirements regarding community development, and small business and small farm lending. Mid-size banks are vital in many communities, particularly in medium-sized cities and rural communities. The only way to hold these banks accountable for providing credit to small farms, and for affordable housing and community development, is if the CRA data remains publicly available. If you eliminate this data, neither the regulatory agencies nor the public will be able to systematically measure the responsiveness of these banks to critical credit needs.

The current requirement which ensures that community development in rural areas must benefit low- and moderate-income areas and distressed communities must remain in place and not be changed. Furthermore, we urge you to limit your revised test to only those banks with assets between \$250 million to \$1 billion. If you use an inflation factor each year to increase the number of banks subject to the new and abbreviated CRA exam, you will reduce the range of bank financing and services in communities that need them the most.

Thank you for your consideration of my comments. If you have any questions, please call me or our policy analyst, Mr. John Kleiderer, at 202-462-0400.

Sincerely,



Ms. British Robinson
National Director for Social and International Ministries
US Jesuit Conference

cc. National Community Reinvestment Coalition