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May 10, 2005

Robert E. Feldman
Executive Secretary
550 17th St NW
Washington, DC 20429

Re: RIN 3064-AC89

Dear Mr. Feldman:

On behalf of the **Western New York Community Reinvestment Coalition (WNYCRC)**, I urge you to revise your proposed changes to the Community Reinvestment Act (CRA) regulations to ensure that banks do not reduce levels of branches, bank services, community development loans and investments to low and moderate income communities. Your decision to drop the recent proposal to allow mid-sized banks with assets between \$250 million to \$1 million to choose whether to engage in community development loans, investments or services should be commended. Our coalition urges you now to reconsider your proposed changes as serious issues that would negatively impact CRA remain.

The **WNYCRC** is comprised of representatives from over 28 organizations, individuals and municipalities who are committed to increasing access to credit and homeownership for the underserved in our area. Western New York communities have faced serious economic challenges in recent history. This region is in desperate need of community development and investment resources. To further complicate matters, low and moderate residents have been preyed upon by abusive lenders, payday lenders, and check-cashing institutions who target these residents and neighborhoods.

The Buffalo/Niagara MSA is one of the 10 metropolitan areas in which lenders reached the lowest percentage of small businesses in minority census tracts in 2003 according to data provided by National Community Reinvestment Coalition (NCRC).

Western New York is exactly the kind of area that the Community Reinvestment Act was designed to help and protect.

Community development loans, investments and services are all essential activities to community development. Banks must be expected to engage in all three types of activities in order to ensure that they meet their obligations under the Community Reinvestment Act.

In order to assess whether banks continue to meet these obligations, **regulators must ensure that a process exists whereby future levels of these activities can be compared to current or past levels.** Otherwise, there is no mechanism to determine whether banks have decreased their level of community development activities.

We are very concerned that deleting a separate test for services will result in CRA exams no longer holding mid-sized banks accountable for provision of bank branches and low-cost accounts in low-and moderate-income communities.

Recent HMDA statistics indicate that there are significant disparities among lending patterns to certain borrowers in the Buffalo/Niagara region and that minorities and women are much more likely to obtain higher cost loans.

As a coalition, we have had to fight to keep branches open in underserved communities. As a community, we have had to fight against targeted marketing by predatory lenders. Please add the provision of bank branches as a clear factor on your proposed CRA exams for mid-sized banks.

Finally, we urge you to drop your proposal to eliminate the public data disclosure requirements regarding community development, small business and small farm lending. Mid-sized banks are a vital option for many borrowers and consumers in medium sized cities and rural communities. The only way to hold these banks accountable for providing credit to small firms and for affordable housing and community development in these areas is to ensure that CRA data is available for public examination.

The public and regulators will not be able to systematically measure the responsiveness of these banks to critical credit needs if this date disclosure requirement is eliminated.

Similarly, we urge you to retain the provision that community development lending in rural areas must benefit low-and- moderate income communities. We also urge you to apply revised tests only to banks with assets between \$250 million and \$1 billion or you will seriously reduce the range of bank financing and services flowing to the communities that need them most.

We depend on regulators to ensure that the financial institutions are capturing a market that exists in our community, particularly for those who are “unbanked” or who may have previously experienced credit issues.

We depend on regulators to enforce access to quality credit for those who live in communities that are not always sought after for banking and business needs.

We depend on regulators to ensure that banks do not only lend and provide banking services only in wealthy communities.

As you well know, CRA has been instrumental in increasing homeownership, boosting economic development, and expanding small businesses in the nation's minority, immigrant, and low- and moderate-income communities.

We urge you to listen and act upon the comments we have submitted and thank you for your consideration.

Sincerely,

Kathleen A. Lynch, Esq.
Coordinator of the
Western New York Community Reinvestment Coalition

cc:

National Community Reinvestment Coalition (fax 202/ 628-9800)