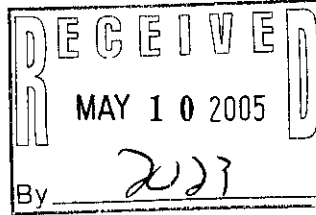




Mercy Housing



National Office

May 3, 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
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
RE: RIN 3064-AC89

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

To Whom It May Concern:

While an improvement from the fall 2004 proposal, the current Community Reinvestment Act proposal for mid-sized banks includes several issues of concern to Mercy Housing. In order to ensure that banks do not decrease their level of funding, investing and branches in minority and low income communities, we urge you to consider:

1. Retention of the current exam structure to maximize the level of community development financing. Banks must be expected to engage in all three essential community development activities: lending, investing and services. This current structure is effective and need not be changed.
2. Adding the provision of bank branches as a clear factor on the new CRA exam for mid-sized banks. This change will assist in eliminating predatory, high cost lenders in low and moderate income communities, which are most likely to be targeted.
3. Dropping the proposed elimination of public data disclosure requirements including community development lending for mid-sized banks. Organizations such as Mercy Housing's ability to review banks' CRA performance is important because we select our partners and continue valuable relationships based on their service to low and moderate income communities.

www.mercyhousing.org

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4. Retention of the requirement that community development in rural areas benefit low and moderate income areas and distressed communities. Expanding this requirement to rural areas regardless of economics would jeopardize the effectiveness and the integrity of this requirement.
5. Elimination of the proposal to adjust the asset threshold for mid-sized banks on an annual basis as a result of inflation. If regulators use an inflation factor each year to increase the number of banks subject to a new and abbreviated CRA exam, the result will be a lower level of bank financing and services to low and moderate income communities.

Mercy Housing encourages flexibility for our banking partners, while increasing incentives for deeper investment in low and moderate income communities. The role of investment in these communities can not be understated. CRA is an important mechanism for building wealth within families and communities, thereby opening up new markets for standard banking services. Thank you for your attention.

Sincerely,

A handwritten signature in cursive script that reads "Sister Lillian Murphy". The signature is written in dark ink and is positioned above the typed name.

Sister Lillian Murphy
President and CEO