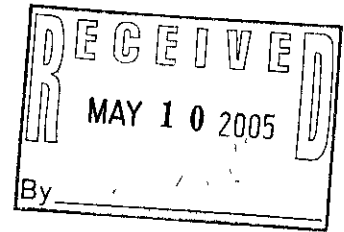




**LEED COUNCIL**

Opening Doors for  
Economic Vitality



May 9, 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

I am writing from the Local Economic and Employment Development (LEED) Council in Chicago to comment on the proposed changes to your regulation of the Community Reinvestment Act (CRA). Your proposal is an improvement over the one issued by the FDIC in the summer of 2004, and a major step up compared to the changes the OTS has made in its regulation.

I have already sent in email comments but I am sending this additional letter to express my deep concern that this proposal would no longer require intermediate small banks to report data on small business lending and small farm lending. These sized-institutions are significant small business and farm lenders. It was estimated by the Federal Reserve that institutions between \$250 million and \$1 billion in assets made roughly 20 percent of the total dollar volume of all small business loans and 43 percent of the total dollar volume of all small farm loans in 2003. In communities with a disproportionate number of intermediate small banks, these percentages are substantially higher. Also, if large, credit-card lenders are removed from the data-set, the proportion of traditional non-credit-card bank loans made by these banks would almost certainly be substantially larger.

These intermediate small banks are precisely the types of institutions that are big enough to handle the more sophisticated needs of small businesses yet small enough to remain committed to the sort of relationship lending which small firms in lower-income areas depend on.

The Federal Reserve Bank of Chicago's 2004 Annual Report features an article entitled, "*Community Banks at their Best: Serving Local Financial Needs.*" Several findings by Robert DeYoung, Senior Economist in the Research Department of the Federal Reserve Bank of Chicago, contradict in my opinion the intent and wisdom of your proposed changes. DeYoung notes that:

"On a dollar-for-dollar basis, community banks made nearly three times as many small business loans as the typical large banking company.... These are long-run economic relationships."

"The most celebrated relationship-based product is the small business loan. Locally focused community banks have a clear advantage at assessing the credit-worthiness, and monitoring the ongoing condition, of small and medium-sized businesses."

**LOCAL ECONOMIC AND EMPLOYMENT DEVELOPMENT COUNCIL**

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LEED Council depends on access to small business lending data from all financial institutions in order to determine the availability of small business loans for businesses in our service area and to gauge the regional lending environment. Our organization is a community development corporation seeking to encourage business growth and create access to jobs and economic opportunities in the greater West Town, North Town, Humboldt Park, and North River Industrial Corridor. These areas are also served by banks in the \$250 million to \$1 billion asset range.

To lose data on these loans would severely harm the quality of that data set and make it increasingly difficult for our organization, banking regulators, researchers, and the public to accurately evaluate both intermediate small banks and large institutions in the context of the overall small business lending market.

As a former member of the Federal Reserve Community Advisory Council, it is beyond my understanding why the Federal Reserve System itself would want to lose this rich source of economic data on the vitality and credit needs of this country's small businesses.

Please do not reduce the number of lenders required to report such data. This action would be detrimental to your efforts, and the efforts of the LEED Council, in attempting to ensure that access to small business credit is being provided to entrepreneurs and to lower-income communities throughout the U S.

Sincerely,



Ted Wysocki  
President & CEO

Cc: Robert E. Feldman  
Executive Secretary  
Attention: Comments  
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 20219

RE: Docket Number 05-04