

May 6, 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 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

To Whom It May Concern:

As President of the Chicago-based Women's Business Development Center, I am writing to comment on the proposed changes to your regulation of the Community Reinvestment Act (CRA). We believe this proposal is an improvement over the one issued by the FDIC in the summer of 2004, and a huge improvement over the changes the OTS has made in its regulation which we believe violates the spirit of this critical statute.

The key component of your proposal would alter the way that financial institutions with assets between \$250 million and \$1 billion would have their CRA ratings assessed. It would classify these institutions as "intermediate small banks" and subject them to a two part CRA exam consisting of the small bank lending test and a new community development test. This community development test would evaluate an institution's level of community development lending, services, and investments in the context of community needs and the institution's capacity and opportunity for community development activity.

We are happy to see that you did not adopt the Office of Thrift Supervision position to consider all institutions with less than \$1 billion in assets as "small" for CRA purposes. We believe that the current three part CRA exam for "large" institutions has been effective at improving access to lending, financial services, and community development resources for low- and moderate-income households and communities. We are pleased, however, to see that the current proposal will continue to assess an institution's levels of community development lending, services, and investments and will require an institution to receive a "satisfactory" on both the lending

and community development tests to get an overall "satisfactory" CRA rating. Each of these three elements are critical to successful community reinvestment. It is important that they are examined separately within the community development test.

However, we are concerned by several parts of the current proposal. We are deeply concerned that intermediate small banks will no longer be required to report data on small business lending. 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. To lose data on these loans would be a devastating blow to the quality of that data set and make it increasingly difficult for the Women's Business Development Center to develop metrics on the availability of small business loans for women in our service area and to gauge the regional lending environment.

We ask that you continue to require intermediate small banks to report this useful data.

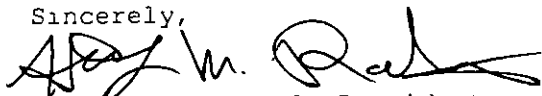
In addition, we are concerned that the community development test does not consider the location of bank branches for intermediate small banks.

Institutions between \$250 million and \$1 billion in assets play a critical role in the delivery of financial services in low- and moderate-income and minority communities, yet many of these areas remain seriously underserved by bank branches. We believe that intermediate small banks should continue to be examined for their branch locations and for their history of opening and closing branches in LMI communities.

Finally, while we understand that an institution's capacity and opportunity for community development activity will be factors when assessing its performance on the community development test, we feel that an institution's responsiveness to community needs must be the primary consideration when evaluating an intermediate small bank's CRA performance. In areas where there is a substantial need for this type of activity, we hope that financial institutions will be evaluated based on the level of investments previously made as well as by institutions within their peer group.

We respectfully request that you take these points into consideration when you issue your final rule.

Sincerely,



Hedy M. Ratner, Co-President
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