

**From:** Dredv@aol.com [mailto:Dredv@aol.com]  
**Sent:** Monday, May 09, 2005 1:32 PM  
**To:** Comments  
**Subject:** Changed to CRA

May 9, 2005

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

Dear Secretary Johnson:

On behalf of the Board and members of Arizona Fair Housing Center (AFHC) I urge you to adjust your proposed changes to the Community Reinvestment Act (CRA) regulations so that banks do not reduce their number of branches, community development loans and investments in low- and moderate-income communities. We commend you for the improvements you have made to the fall proposal, but we still have serious concerns about the latest proposal's effects on minorities and low-income areas.

The Arizona Fair Housing Center, servicing Central and Northern Arizona, is a non-profit fair housing organizations it was founded in 1989 to lead the battle against housing discrimination. AFHC works to ensure equal housing opportunity for all people through leadership, education and outreach, public policy initiatives, advocacy, and enforcement. Our board members are long-time supporters of CRA and the benefits that it has brought to their communities in urban neighborhoods, mid-size cities, and rural areas.

### **Importance of Including All Three Activities**

We are pleased that you have dropped your proposal to allow mid-size banks with assets between \$250 million to \$1 billion to offer either community development loans or investments or services. Banks must be required to engage in all three of these essential community development activities in order to pass their CRA exams as your current proposal requires.

In addition, it is vital that all three activities remain in all communities, especially in low- and moderate-income and minority communities, where conventional banking has severely declined. It is because of CRA, in large part that these services continue. It is especially important now with the exponential growth of predatory lending.

### **Importance of Examining Bank Branches**

We ask that you maintain a distinct service test for mid-size banks. Without a discreet test, CRA exams would no longer hold these banks accountable for the provision of bank

branches and low-cost accounts in low- and moderate-income communities. Payday lending and other high cost and predatory credit services have increased in communities nationwide the last several years. In addition, we urge you not to change the requirement that community development in rural areas benefit low- and moderate-income areas and distressed communities.

### **Importance of Public Data Disclosure**

Public data disclosure is one of the only ways to hold lending institutions accountable. As has been revealed in the recent 2004 HMDA data, minorities and women, regardless of their income, receive higher loan rates than their white counterparts. Without public access to this information, it would be more difficult to identify and eradicate this type of discrimination without additional enforcement actions. We urge you to drop your proposed elimination of public data disclosure requirements regarding community development.

Thank you for your attention to this matter.

Sincerely,  
Edward Valenzuela. Ph.D  
Executive Director  
Arizona Fair Housing Center