VIA ELECTRONIC MAIL

May 26, 2005

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429
ATTN: Comments

RE: RIN 3064-AC89

Dear Mr. Feldman:

On behalf of the nation’s municipalities, the National League of Cities (NLC) writes to oppose further regulatory efforts to weaken the Community Reinvestment Act (CRA). NLC believes that the federal government must remain committed to the intent and application of the CRA. NLC supports vigorous enforcement of the CRA that encourages productive investment in our nation’s municipalities.

NLC is encouraged by federal regulatory efforts to improve last fall’s CRA proposal by the Federal Deposit Insurance Corporation, but serious issues remain:

1. NLC urges federal regulators to maintain the current CRA examination structure that evaluates community development, investments, and services offered by mid-sized banks with assets between $250 million and $1 billion (“Mid-Sized Banks”) separately. NLC requests that any final regulation maintain a separate test for service provision because this would hold Mid-Sized Banks accountable and reward them for establishing branches and low-cost accounts in low and moderate-income communities.

2. NLC requests federal regulators maintain public data disclosure requirements regarding community development, small business and small farm lending. Without this data, the public and federal regulators will have no way to systematically measure the responsiveness of Mid-Sized Banks to these credit needs necessary to hold them accountable.
Robert E. Feldman, Executive Secretary
May 5, 2005
Page Two

3. NLC urges federal regulators to maintain the current CRA requirement that community development and rural areas benefit low and moderate-income areas and distressed communities.

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NLC believes that these recommendations strengthen the CRA’s statutory purpose of encouraging financial institutions to serve the needs of underserved people and communities.

Thank you for this opportunity to submit comments on behalf of the nation’s municipalities. NLC is the oldest and largest organization representing 49 state municipal leagues and 1,600 direct member cities that together serve more than 18,000 cities across the nation.

Very truly yours,

Donald J. Borut
Executive Director

cc. National Community Reinvestment Coalition

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