From: Alan Cantor [mailto:acantor@nhclf.org]
Sent: Monday, May 09, 2005 2:34 PM
To: Comments
Subject: Docket No. R-1225; RIN 3064-AC89; Docket Number 05-04

Alan Cantor
7 Wall Street
Concord, NH 03301

May 9, 2005

Federal Deposit E Insurance Corp
Robert Feldman, Executive Secretary
550 17th Street NW
Washington, DC 20429

Dear Federal Deposit Insurance Corp:

Federal Reserve Board
E-mail: regs.comments@federalreserve.gov
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

Federal Deposit Insurance Corporation
E-mail: Comments@FDIC.gov
Robert E. Feldman
Executive Secretary
Attention: Comments
550 17th St. NW 20429
RE: RIN 3064-AC89

Office of the Comptroller of the Currency
E-mail: regs.comments@occ.treas.gov
250 E St. SW, Mail Stop 1-5
Washington 20219
RE: Docket Number 05-04

To Whom It May Concern:

Thank you for the opportunity to comment on proposed changes to the Community Reinvestment Act (CRA).

We at the New Hampshire Community Loan Fund are concerned about any significant changes to the CRA, because the existing rules have worked so remarkably well here in the state of New Hampshire. The New Hampshire banking community has been at the forefront of community economic development, and we are proud to have partnered closely with the banks over the past two decades. In fact, New Hampshire banks have invested over $100 million in projects that have been partially financed by the New Hampshire Community Loan Fund -- a remarkable leveraging of our own commitments. Moreover, the banks have made loans and investments of nearly $10 million directly to the New Hampshire Community Loan Fund, which provides us with a significant capital base for our lending. (The current amount invested or loaned by New Hampshire banks is over 26% of our total lending capital.)

The existing CRA guidelines have provided a framework and impetus for much of this good work by the banks. Would banks have invested in the community in any case? Certainly, because they care about the community, and because they have a vested interest in the community's economic well-being. But would the banks have invested so strongly, effectively, and creatively without the CRA? Almost certainly not. In nearly every case, our partnerships with the banks of New Hampshire have been keyed by the banks' CRA officers. Those relationships subsequently deepened to include the banks' top executives and boards of directors, and in fact many banks have gone well beyond what they perceived as the minimal requirements expected under the CRA. But again, the focused interest in community investments was sparked and structured by the requirements of the Community Reinvestment Act. The CRA has worked extremely well in our communities.

We cannot endorse any significant changes to the current CRA tests, because we have seen each of the tests result in very positive activity. And, as so many of our partner banks in New Hampshire fall into the $250 million to $1 billion category, we are concerned that these banks -- the most active source of financing throughout much of the state -- will be tempted to draw back from their strong commitment to community reinvestment. This is not an indictment of the banks or their officers, whom we have found to be a caring and community-centered group. Rather, it is a recognition that banks have responsibilities to their shareholders, and they have an inherent need to go where their investments and loans promise the highest and safest returns. CRA has provided an enormously effective community-focused counter-balance.

I should add that we would welcome steps to reduce the bureaucratic burden on these "intermediate-small" banks. It has been unfair and unrealistic to expect the same level of reporting from these middle-sized banks as from the largest national banks. But an effort to reduce their reporting requirements should not be conflated with a reduced expectation of their commitment to helping low- and moderate-income individuals and families.

Finally, as an organization that works in a largely rural area, we suggest a very simple approach to measuring CRA activities there: Asking whether the banks are serving the needs of low- and moderate-income families and individuals. Here in New Hampshire, there are many low-income families, but very few low-income communities and census tracts. The very wealthy and the very poor live nearby one another in the same community. The result is that there are few officially poor or distressed communities -- but there are a great many low-income individuals and families struggling to stabilize themselves, to gain economic traction, and to build weath. The banks should be required to make loans and investments and to provide services that benefit the poor -- not poor communities, which are hard to define in rural areas, but the poor themselves.

In other words, the purpose of the CRA is to extend credit and capital to low-income people and communities. For this reason, the agencies must target CRA lending and benefits to low- and moderate-income people in rural areas, rather than assigning credit for any lending in a rural or nonmetropolitan area.

Once again, I urge you to withdraw this proposal and maintain the current three-part CRA test to benefit low- and moderate-income people and underserved communities across the country. To make drastic changes now would be a case of throwing the baby out with the bath water. The communities, and low- and moderate-income families throughout the country, would suffer.

Thank you for your time and attention. Best of luck with your deliberations.

Sincerely,

Alan Cantor
603-224-6669
Vice President, Philanthropy/Capitalization
New Hampshire Community Loan Fund