

From: Martha Wunderli [mailto:martha@utahissues.org]
Sent: Monday, May 09, 2005 4:16 PM
To: Comments
Subject: RIN 3064-AC89

May 9, 2005

Re: RIN 3064-AC89

Proposed changes to the regulations of the Community Reinvestment Act (CRA) (P.L. 95-128).

Dear Mr. Feldman,

I am writing in support of maintaining the three-part test. The proposed *Community Development* test, even with the requirement of a "satisfactory rating" on both tests to get a satisfactory CRA rating is not adequate to ensure investment dollars and retail financial services reach low-income families. Your proposal is an improvement from the one you issued in the fall, but serious issues remain.

Deleting a separate test for services will result in CRA exams no longer holding mid-size banks accountable for the provision of bank branches and low-cost accounts in low and moderate income communities. Payday lending and other high cost credit is increasing in low income areas of Utah. This change would increase high cost credit and negatively impact the community.

I urge you to drop the proposed elimination of public data disclosure requirements regarding community development, and small business and farm lending. I do not support adding the "additional disaster areas" to the definition of community development. The standard CRA designation should qualify. The current system is the most effective for maximizing the level of community development financing.

CRA has spawned the development of the Utah Individual Development Account Network (UIDAN). IDAs create opportunities for low-income Utahns to increase their assets through matched savings accounts used for college or vocational training, to buy a first home, or to start a business. More than 20 financial institutions are actively involved in UIDAN through financial contributions and participation in all committees and subcommittees.

The Utah Individual Development Account Network is a statewide collaborative that allows nonprofit partners to come to scale and offer IDAs to a broad spectrum of diverse populations without duplicating administrative costs. It is an efficient and effective tool for ending poverty in Utah. I would be honored to meet with you to discuss the program in detail, give you a tour of partner agencies and introduce you to UIDAN savers.

The American Banker (March 18, 2005) states the IDAs benefit low income families and communities in the following ways:

- *Building customer and business relationships* – banks develop new and enduring relationships with new customers.
- *Strengthen communities* – creates new assets; broadens property ownership and equity; promotes new business development and spurs educational development.
- *Brings low income families into the financial mainstream*
- *Encourages financial stability* for households and the community.

“Individual development accounts can provide a blueprint for success – one that banks and underserved communities can build on together”

Please withdraw this proposal, maintain the three-part CRA test, and consider ways to strengthen CRA to hold financial institutions accountable and benefit low and moderate income families and underserved communities across the country.

Thank you for the opportunity to comment.

Sincerely,

Martha D. Wunderli

Utah Individual Development Account Network Coordinator

Utah Issues Center for Poverty Research and Action

331 South Rio Grande - Suite 60

Salt Lake City, Utah 84101

801-521-2035 x119

800-331-5627

801-355-7540 (fax)

www.utahissues.org