



Department of Social Development and World Peace

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WEBSITE: WWW.USCCB.ORG/SDWP

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 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:

On behalf of the United States Conference of Catholic Bishops, I write to say that the new proposed changes to the Community Reinvestment Act (CRA) regulations are a marked improvement from those issued last fall. The Catholic bishops—with parishes and agencies across the nation—believe in the importance of CRA because it has been an effective financial vehicle for rural and urban communities in which we serve. Low and moderate income families of all races and ethnicities have benefited from CRA with increased opportunities to purchase homes, open small businesses, or operate farms. Your recognition that mid-size banks—those with assets between \$250 million to \$1 billion—should be expected to offer community development loans, investments, and services in order to fulfill their commitment to local communities is noted and well received.

We are pleased that your new proposal finds that discriminatory and illegal credit practices—such as violations of the Equal Credit Opportunity Act, the Fair Housing Act, the Home Ownership and Equity Protection Act, section 5 of the FTC Act, Section 8 of the Real Estate Settlement Procedures Act, and violations of Truth in Lending Act provisions regarding right of rescission—will adversely affect a bank's CRA rating.

However, there are a number of changes, I believe, that would make this good proposal better. First, it is very important that banks maintain their branches in low- and moderate-income communities to provide the community development loans and

investments so necessary for their economic wellbeing. Therefore, I am concerned that eliminating a separate test for services will result in CRA 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 practices have increased throughout low-income communities in the last several years. CRA exams should consider the number of bank branches in traditionally underserved communities. I urge you to add a provision to include the number of bank branches as a feature in your proposed CRA exams for mid-size banks.

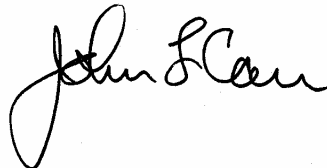
Second, the information gathered on community development, and small business and small farm lending must remain available to the public. Many communities, particularly in rural areas and smaller cities, depend upon mid-size banks to provide credit to small businesses and those seeking affordable housing and community development loans. CRA is crucial as a measurement of the responsiveness of these banks to the credit needs of low income communities. Therefore, the requirement that community development in rural areas must benefit low- and moderate-income areas and distressed communities must not change.

Finally, all banking regulatory agencies must establish a common set of standards and rules for implementation of the Community Reinvestment Act. The Office of Thrift Supervision should join with the Federal Reserve, Federal Deposit Insurance Corporation, and the Office of the Controller of the Currency in this important effort. Financial institutions and the general public expect consistent, fair, and universal consideration of community reinvestment activities, so we can maintain and advance the fair and equal distribution of financial benefits.

The Bishops' Conference has strongly supported the disclosure of lending patterns, especially in low income communities, since legislation was first introduced in 1975. People must have access to information about the lending practices and patterns of the financial institutions in their communities that seek their business.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Carr". The signature is fluid and cursive, with a large initial "J" and "C".

Department of Social Development and World Peace
United States Conference of Catholic Bishops