

From: Hurley, Maia [mailto:mhurley@alliance1.org]
Sent: Monday, May 09, 2005 2:50 PM
To: Comments
Subject: RIN No. 3064-AC89 - CRA Regulations.

May 9, 2005

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

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
RE: RIN 3064-AC89

Office of the Comptroller of the Currency
250 E Street, SW, Mail Stop 1-5
Washington, DC 20219
RE: Docket Number 05-04

The Alliance for Children and Families urges you to enhance your proposed changes to the Community Reinvestment Act (CRA) regulations to ensure that banks do not reduce their numbers of branches and community development loans and investments in low-and moderate-income communities. The current proposal is an improvement over the one you issued in the fall, and we appreciate that, but the Alliance for Children and Families continues to have serious concerns.

The Alliance is pleased that the revised proposal has increased the emphasis on community development loans, investments, and services for mid-sized banks with assets between \$250 million to \$1 billion. Banks must be expected to engage in **all three** of these community development activities in order to pass their CRA exams, as your current proposal requires. The current exam structure of separate lending, investment, and service tests is still the most effective structure for maximizing the level of community development financing. A new format requiring only one exam may result in significant declines in community development lending and financing. If a new exam format is implemented, the Alliance recommends that past levels of community financing are compared to future levels, so that banks can be penalized if they significantly decrease their level of commitment to community development activities.

As organizations providing frontline community development services, Alliance members would like to stress that the role of investments in communities cannot be belittled. Investments in affordable housing and economic development build wealth for families and communities and thus open up new markets for bank lending and services. The importance of investment potential is one reason why the final proposal regarding the CRA exam structure must be carefully developed.

The Alliance is also concerned regarding the proposed elimination of public data disclosure requirements regarding community development, small business, and farm lending. We urge you to drop this provision, which reduces the accountability of mid-sized banks in providing credit for affordable housing and community development. Maintaining public availability of CRA data ensures this needed accountability. Public data disclosure also gives regulatory agencies, and the public, a mechanism by which to measure the responsiveness of banks to critical credit needs.

Finally, the requirement mandating that community development in rural areas must benefit low and moderate income areas must be upheld. The CRA has had an enormous impact in broadening access to credit for low- and moderate-income consumers. Critical community development and investment services need to be expanded in rural and distressed communities, not curtailed.

The Alliance for Children and Families is a nonprofit membership association representing child and family serving organizations in North America. Member organizations provide an array of community-based programs and services to all generations and serve close to 8 million people each year in more than 6,700 communities. Motivated by a vision of a healthy society and strong communities, the Alliance's mission is to strengthen the capacities of North America's nonprofit child and family serving organizations to serve and to advocate for children, families, and communities.

On behalf of the Alliance and the following collaborating partner agencies, thank you for your consideration of these comments.

Sincerely,

Carmen Delgado Votaw, Senior Vice President, Public Policy, Alliance for Children and Families

Cc: Alliance for Children and Families
National Community Reinvestment Coalition

Alliance for Families and Children of Central Virginia, Lynchburg, VA
Children's Aid and Family Services, Inc., Paramus, NJ
FSW, Bridgeport, CT
Family and Children's Association, Mineola, NY
Family and Community Service of Delaware County, Media, PA
Family Service, Indianapolis, Indiana

Family Service Association, San Antonio, Texas
Family Service Agency, San Mateo, CA
Family Service Agency, Youngstown, OH
Family Services Center, Huntsville, AL
Family Service Association of Howard County, Kokomo, IN
Good News Mountaineer Garage, WV
Lutheran Services of Iowa, Waverly, IA
Philadelphia Health Management Corporation, Philadelphia, PA
The Family Conservancy, Kansas City, Missouri