

From: JenniferP@ruralhome.org [mailto:JenniferP@ruralhome.org]  
Sent: Monday, May 09, 2005 12:13 PM  
To: Comments  
Subject: RIN# 3064-AC89

May 9, 2005

Office of the Comptroller  
of the Currency  
250 E St. SW  
Mailstop 1-5  
Washington DC 20219  
Docket No. 05-04  
RIN #1557-AB98

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

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

To Whom It May Concern:

The Housing Assistance Council (HAC) urges you to enhance your proposed changes to the Community Reinvestment Act (CRA) so that banks do not reduce their levels of branches, and community development loans and investments to low- and moderate-income communities. CRA has been instrumental in increasing access to homeownership, boosting economic development, and expanding small businesses in the nation's rural, minority, immigrant, and low- and moderate-income communities.

Although the proposal to allow mid-size banks with assets between \$250 million to \$1 billion to offer either community development loans, investments, or services, has been dropped, banks should still be expected to engage in all three of these essential community development activities

in order to pass their CRA exams.

The role of investments in communities should not be overlooked. 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 investments is one reason why any proposal regarding the CRA exam structure should be carefully developed.

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. It is imperative for CRA exams to continue to scrutinize the number of bank branches in traditionally underserved communities. Please add the provision of bank branches as a clear factor on your proposed CRA exams for mid-size banks.

The proposed elimination of public data disclosure requirements regarding community development, and small business and small farm lending should be dropped. Mid-size banks are vital in many communities, particularly in medium-sized cities and rural communities. The only way to hold them accountable for providing credit to small firms and for affordable housing and community development is if the CRA data remains publicly available. The public as well as regulatory agencies will have no way to systematically measure the responsiveness of these banks to critical credit needs if these data are eliminated.

The requirement that community development in rural areas must benefit low- and moderate-income areas and distressed communities should not be eliminated. Also, the revised test should only be applied to banks with assets between \$250 million to \$1 billion. If an inflation factor is used each year to increase the number of banks subject to the new and abbreviated CRA exam, the range of bank financing and services flowing to communities that need them the most would be reduced.

HAC opposes qualifying designated disaster areas as areas in which banks can earn CRA credit for community development activities. Disasters do not affect all equally. Low- and moderate-income families are more likely to lack insurance or other means for dealing with devastating losses than their affluent counterparts. Designating broad disaster areas would dilute the bank financing that low- and moderate-income people could possibly receive. For example, the regulatory agencies should not treat a resort beach area the same as a poor community that has experienced a natural disaster. The poor community will have less means for dealing with the disaster than the well-endowed tourist industry in resort areas.

Since the proposal that would allow community development lending and investment activity in all rural areas to count for CRA points has been abandoned, a definition for underserved rural areas has been sought for comment. As a national intermediary organization providing services and loans to rural organizations, this definition is extremely vital to us and our constituents.

If the definition of LMI census tracts is changed, a new definition must be carefully developed so that it targets distressed and lower income communities. For this reason, HAC opposes adoption of a definition that qualifies census tracts as LMI tracts if they are up to 100 percent of area median income.

One proposal is defining low- and moderate-income as census tracts that have incomes up to 90 percent of non-metropolitan median income. It is understood that the CDFI Fund's criteria of counties with high unemployment, high poverty levels, and population loss would result in a concentration in distressed areas, meaning that a larger number of rural regions would not have LMI census tracts in the CDFI Fund criteria definition than other proposed definitions. Regions with a relative lack of LMI tracts would include more homogenous regions such as the Midwest. Under the CDFI definition, 46.9 percent of all rural counties would lack LMI census tracts in contrast to 30.4 percent of rural counties under the 90 percent of area median income proposal.

HAC supports the proposal to combine the best features of the CDFI Fund approach with the 90 percent of area median income approach. The CDFI approach concentrates development in particularly distressed counties while the 90 percent of area median income definition ensures LMI census tracts in more regions of the country. The agencies should test the proportion of census tracts as LMI and their distribution across the country under some combination of CDFI Fund criteria and 90 percent non-metropolitan median definitions. The final result should be a proportion of rural census tracts as LMI that is comparable to proportion of urban LMI tracts, reasonable distribution across the country, and ensuring that counties with extreme distress are targeted.

Sincerely,  
Moises Loza  
Executive Director