

**From:** Sarah C. Shechner [mailto:sshechner@cfrc.net]  
**Sent:** Tuesday, May 03, 2005 8:33 PM  
**To:** Comments  
**Cc:** membership@ncrc.org  
**Subject:** RE: RIN 3064-AC89

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

To Whom It May Concern:

I urge you to review the proposed changes to the Community Reinvestment Act (CRA) regulations so that banks do not reduce their levels of branches, and community development loans and investments to low- and moderate-income communities. The proposal is an improvement from the one issued in the fall, but serious issues remain.

I am pleased that you have dropped the proposal to allow mid-size banks, with assets between \$250 million to \$1 billion to offer a choice of community development loans, investments or services. Banks must be expected to engage in all three of these essential community development activities in order to pass their CRA exams, as the current proposal requires. I still believe that the current exam structure is the most effective for maximizing the level of community development financing. And any new exam structure must minimize declines in this financing. Comparisons between past and future levels of community development financing should be monitored after any changes to the CRA exam structure so that banks are penalized if there is a significant decline in their community development activities.

The Community Financial Resource Center (CFRC) is a non-profit that has served nearly 84,000 residents in the Los Angeles area since opening its doors in 1993. CFRC provides needed services such as micro-loans, seed loans, and small business loans, along with computer, business, and financial management training to disinvested areas in Los Angeles County. CFRC has directly invested \$4.7 million dollars in businesses located in Los Angeles County, and has leveraged over \$10 million dollars from area banks for co-lending loans. Changes to the CRA could severely limit the impact that organizations like CFRC have on disinvested communities.

The importance of community investment cannot be underestimated. Investments in affordable housing and economic development help families and communities build wealth, which in turn creates new markets for bank lending and services. Any final proposal to the CRA exam structure must be carefully examined to insure that community investment is maintained.

Payday lending and other high-cost credit have increased in my community over the last several years. This is why I am also concerned that 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 communities with the greatest need for these services. The last things we need are CRA exams that no longer look at 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.

Further I urge you to drop your proposed elimination of public data disclosure requirements regarding community development, and small business and farm lending. Mid-size banks are vital in many communities, particularly in medium-sized cities and rural communities. Publicly available CRA data is the only way to hold these banks accountable for providing credit to small firms, affordable housing lending, and community development. The elimination of this vital data will leave the public as well as regulatory agencies no way to measure the responsiveness of these institutions to the critical credit needs of disenfranchised communities.

Finally, you must not change the requirement that community development in rural areas must benefit low- and moderate-income areas and distressed communities. I also urge you to apply your revised tests only 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 financial lending and banking services will be reduced in the communities that need them the most. Thank you for your consideration of my comments.

Sincerely,

Forescee Hogan-Rowles  
President & CEO  
Community Financial Resource Center (CFRC)

cc: National Community Reinvestment Coalition