

**NETWORK****A National Catholic Social Justice Lobby**

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October 19, 2004

Mr. Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporations  
550 17<sup>th</sup> St. NW  
Washington, DC 20429

RE: RIN 3064-AC50

Dear Mr. Feldman,

NETWORK, a National Catholic Social Justice Lobby of over 12,000 members, wishes to express its opposition to the proposed changes to the Community Reinvestment Act (CRA) regulations. We strongly urge you to withdraw them.

NETWORK is concerned and alarmed that you are considering undermining CRA's effectiveness in increasing investments in low-income communities. These communities need financial institutions to continue to lend, make investments and provide financial services. The proposed changes to the CRA by the FDIC would greatly curtail housing investment and lending as well as retail services in low and moderate income areas. The proposed rule would expand the definition of small banks, which are currently exempt from the most meaningful CRA standards. The proposal would drastically weaken the current law, eliminating the requirement that financial institutions with assets of between \$250 million and \$1 billion are rated on all three of the following criteria: their level of lending, their investments, and their services in low-moderate-income communities. Under the proposal, banks of this size could satisfy the requirements by engaging in only one of the three activities. The banking industry has enjoyed record profits in recent years; some of these profits have resulted from increased consumer fees that are difficult for low-and moderate-income families to find convenient, affordable banking services. They need relief from payday loans and check-cashing fees; this proposal would make things worse.

NETWORK is, further concerned, about the large number of low-income families who pay too much for housing. One in seven households in the U.S. is paying more than half of its income on housing costs. Solving this problem requires access to lending for those who can manage to purchase a home. It also means investments in low-income rental housing. The proposed changes to the CRA regulations would reduce lending and investments.

NETWORK is disturbed that a crucially important anti-discrimination tool is threatened by the proposed weakening of CRA regulations. Black and Latino communities have suffered from lack of investment; the CRA has been responsible for progress that this proposal would undermine.

Banks affected by the proposal now make about \$4 billion in community development investments every two to three years. The National Community Reinvestment Coalition estimates that half of these investments would be lost if the proposal is adopted. When the gap between the rich and poor is growing and real weekly wages have been stagnant since 2001, it is wrong to ruin a successful program of development in low-income communities.

NETWORK commitment to justice impels us to comment on this proposal. We support a commitment to safe and affordable housing for all and effective policies that will increase the supply of quality housing and preserve maintain and improve existing housing. We oppose unjust discrimination or unjust exclusion in housing and support measures to help ensure that financial institutions meet the credit needs of local communities. Again, we urge you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations.



Maureen Fenlon, OP  
National Coordinator  
NETWORK, A National Catholic Social Justice Lobby