



established June 19th 2005

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February 2, 2007

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW Washington , DC 20429-9990

Re: Affordable Small-Dollar Loans Guidelines

Dear Mr. Feldman:

Cincinnati Change is a member of the National Community Reinvestment Coalition (NCRC), the nation's leading economic justice trade association of 600+ community organizations. Cincinnati Change supports the proposed FDIC Affordable Small-Dollar Loan Guidelines, as they encourage safe and responsible affordable small-loan programs through CRA-based incentives that we look forward to using in our area as we group 1,000 businesses and 12,000 households.

Cincinnati Change supports several features of the products and programs encouraged by the FDIC guidelines. We strongly agree that credit must be made available in a safe manner that provides sound underwriting, which focuses on a borrower's ability to repay a loan, based on their circumstances and other outstanding obligations.

Cincinnati Change looks forward to working with the Federal Deposit Insurance Corporation in providing credit to our nation's veterans. We also support the guidelines encouragement for the loan rate limit of 36 percent, recently passed by Congress for loans to Service members and their families and included in many state small loan statutes.

We believe it is also important to encourage products and programs that call for an affordable installment repayment schedule, foster the reduction of the loan over a reasonable timeframe, and including a savings component to help consumers build assets and avoid borrowing excessively for future needs. Your proposed guidelines also clearly

state that excessive renewals of small loans do not meet credit needs since repeated refinancing traps borrowers in debt and strips their equity.

However we believe that banks cannot simply randomly pick and choose from these features. We believe that they need to consider their small loan product as a package deal that can only meet the needs of customers by combining affordable pricing with reasonable terms that meet all parties involved needs. We also support the recommendation that banks avoid extra fees and prepayment penalties that drive up the cost of loans and make cost comparison difficult, especially for open end credit.

In addition to the features described in the FDIC Guidance, successful bank small loan products will need to be attractively branded, well publicized to its customers, quick and easy to use, and simple to understand with no hidden fees or surprises. Cincinnati Change looks forward to working with your member institutions to develop such products.

We applaud your guideline that issuing affordable small loans as an alternative to abusive payday lending and overdraft protection will earn CRA points for banks. We ask that you implement this guideline by quantifying on CRA exams the amount of responsible small loans made to low- and moderate-income (LMI) borrowers and rewarding banks based on the quantities of responsible small consumer loans to LMI borrowers.

Conversely, deceptive overdraft protection and making and/or financing abusive payday loans should be penalized severely on CRA exams. All too often, we do not see a careful evaluation of lending on CRA exams such as an examination of whether the loans are truly building wealth or stripping equity from neighborhoods. In addition, laudatory products such as low-cost checking accounts or true alternatives to payday lending are usually praised on CRA exams, but the exams then do not scrutinize carefully if the bank has offered a small or significant amount of these products. We ask that you increase the rigor of CRA exams after implementing these guidelines.

Like NCRC, Cincinnati Change, believes that through programs such as those encouraged by the FDIC guidance, lenders can successfully provide credit that is reasonably priced for borrowers and beneficial for the institution. The availability of these types of affordable alternatives is crucial to curbing the flood of high-cost payday lenders and bank overdraft loans that currently strip borrowers' wealth. NCRC supports the proposal for lenders to receive CRA credit when they provide products and programs with the features outlined in the guidelines, as this responsibly and innovatively meets the needs of the community.

Thank you for the opportunity to comment on this proposal. If you have any questions about our recommendations, please contact myself or Hershel Daniels, President, at hershel@cincinnatichange.com or (513) 257-2552.

Sincerely,

Frederick Hargrove, Sr. PE, MBA
Chairman
Cincinnati Change