



California Coalition for Rural Housing

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January 9, 2006

Office of the Comptroller of the Currency
250 E Street SW, Mail Stop 1-5
Washington DC 20219
RE: Docket No. 05-17

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington DC 20551
Docket No. OP-1240

Robert E. Feldman
Executive Secretary
Attention: Comments, RIN 3064-AC97
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington DC 20429

To Whom it May Concern:

The California Coalition for Rural Housing (CCRH) appreciates this opportunity to comment on the proposed Question and Answers document. Our comments are as follows:

1. Regulators clarify for mid-size banks with assets between \$250 million to \$1 billion the CRA exam criterion that assesses their distribution of branches and other facilities throughout their assessment area. Mid-size banks should be required to have an equal percentage of branches in low- and moderate-income communities as to the percentage of low- and moderate-income census tracts in that particular assessment area. Without branches in their communities, low- and moderate-income consumers are more susceptible to high cost lending through brokers and have no other choice but to rely on a fringe financial system.
2. CCRH opposes the proposed question and answer that provides CRA points for financing middle- and upper-income housing developments in distressed rural middle-income census tracts. CRA points should only be awarded if a majority of the units in such a development are designated for low- and moderate-income families. Banks should not receive CRA points for financing middle- and upper-income housing.
3. CCRH supports the proposed question and answer that reiterates that mid-size banks must offer community development loans, investments and services. CCRH urges that a provision to

your proposed questions be added stating that qualitative factors will not be employed by examiners to excuse low levels of community development lending, investments or services.

4. CCRH urges you to add a Question and Answer indicating that a bank will automatically undergo a fair lending exam to test for compliance with federal anti-predatory and anti-discrimination law when the bank or one of its affiliates makes a high concentration of subprime loans to minorities, the elderly, women, low-income borrowers or to communities recovering from natural disasters and experiencing shortages of credit.

5. CCRH has concerns regarding favorable consideration for banks in their Community Reinvestment Act (CRA) exams for financing community development activities in geographical areas impacted by natural disasters. While federal agencies should direct banks to focus on low- and moderate-income families in areas impacted by disasters, we are opposed to the diversion of bank financing to middle- and upper-income housing.

6. CCRH supports banks receiving points on their CRA exams for financing community development in geographical areas impacted by disasters for up to one year after the expiration of official federal or state designation of disaster status. We also support providing more credit to community development activities that are most responsive to the needs of low- and moderate-income individuals that have been impacted by the natural disaster. The proposal to provide CRA points for investments that benefit families displaced by disasters can be very beneficial to areas receiving a large influx of families resettling in the wake of Hurricane Katrina and future natural calamities.

The most effective way to expand access to credit and to needed financial services and products for underserved borrowers is implementing rigorous and comprehensive CRA exams. Your responsiveness to our comments on the proposed Question and Answers, will ensure that banks will continue to lend, invest and provide financial services for low- and moderate- income families and communities.

Thanks you for your consideration.

Dewey Bandy

Dewey Bandy, Deputy Director
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c.c. California Reinvestment Coalition

