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Spring Garden Neighborhood Council

18 April, 2005

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corp.
550 17th Street, NW
Washington D.C. 20429
Attn: Comments

Re. RIN 3064-AC89

Dear Mr. Feldman:

The Pittsburgh Community Reinvestment Group (PCRPG) a member of the National Community Reinvestment Coalition, wishes to register its concerns about the proposed alterations to the standards and measurements of the Community Reinvestment Act for mid-sized banks

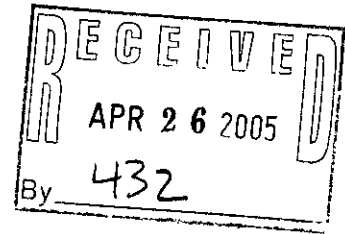
PCRPG has been highly effective at using CRA to drive billions of dollars of investment into neighborhoods that as recently as 1988 were strictly redlined. CRA has provided the leverage to ensure that *every* bank doing business in the City of Pittsburgh offers access, products and services that are effective at reaching low-income and minority consumers. Most of these banks, generally under our encouragement, have been forthcoming with innovative financing to attract small businesses and to find creative uses for structures along the City's older retail corridors PCRPG members have used CRA to prevent banks from closing retail offices in revitalizing neighborhoods, considering these institutions to be vital to community financial health and attracting new commercial activity.

The key to this success has been PCRPG's ability to use CRA as a standard for all banks – small, medium and large – to measure the bank's responsiveness to the needs of the community.

It is with great concern that we review the proposed changes to the CRA examinations for mid-sized institutions. In order for banks to be truly effective at serving the needs of our communities they must continue to maintain the broadest commitment to providing access to branch facilities, mortgage products and community investment in our neighborhoods. Dropping any one of these items necessarily reduces the effectiveness of the other two.

Branch Services Access – The best way to ensure that a bank, regardless of size, is effective at reaching consumers in any neighborhood is to maintain branch-banking facilities in that neighborhood. In Pittsburgh, as

in many other communities around the country, neighborhoods with few or no branch facilities attract a plague of high-cost financial service alternatives such as check cashers and payday lenders. These same neighborhoods are also the ones that see the highest use of sub-prime mortgage credit and resulting foreclosures. Allowing banks to further reduce their physical commitment to these neighborhoods would only serve to exacerbate these problems by creating



barriers of distance between residents and desperately needed services *Please ensure that any future test takes into consideration a bank's commitment to neighborhood service through its willingness to maintain branch services in traditionally underserved communities.*

Investments – The role of mid-size bank investment in affordable housing projects and other neighborhood economic development projects cannot be underestimated. In Pittsburgh, it is very common for a large institution to share the financing of a particular project with a small or mid-sized institution. Both institutions receive CRA credit for their investments and the shared risk makes the investments more attractive to both institutions. We are very concerned that if the CRA test for investment is watered down these mid-sized banks will lose one of their primary motivations for participating in these arrangements. *We encourage you to retain specific tests for neighborhood investments for these institutions.*

Reporting Requirements – PCRG's success at driving neighborhood investment has been a direct result of our ability to understand institutional investment through publicly available data. This data ensures transparency on bank lending and investment practices and allows us to work with those institutions to target investment to those neighborhoods that have the greatest need. The loss of mandated reporting would be a crippling blow to our ability to understand and encourage the flow of capital into our neighborhoods. *We ask that you not bow to industry pressure to reduce reporting requirements for mid-sized institutions.*

The Community Reinvestment Act is the best available tool that communities have for driving capital into traditionally underserved communities. Watering down the compliance tests to meet the demands of financial institutions that generally treat any regulatory requirement as onerous does not serve the public interest that CRA is supposed to protect. We encourage you to stand firm and act in the best interests of the communities we represent.

Sincerely,



Greg Simmons
Pittsburgh Community Reinvestment Group

CC National Community Reinvestment Coalition, Attn. John Taylor
Board of Governors of the Federal Reserve System
Office of the Comptroller of Currency