

From: Patricia Rickon [mailto:patrickon@mindspring.com]
Sent: Tuesday, April 05, 2005 9:54 PM
To: Comments
Subject: proposed CRA changes: re RIN 3054-AC89
Importance: High

Dear Mr. Feldman

Hope International urges you to retain the current exam structure of the Community Reinvestment Act (CRA) regulations. Our concern is that under the proposed changes banks will reduce their levels of branches, community development loans and investments in low- and moderate-income communities even more.

Hope International is a 501c3 organization working with Sudanese refugees. These folks are struggling to survive and become productive. We have been very concerned that the Payday lending and checkcashing stores which charge extraordinary fees, and have been actual cash cows for the banking industry, posing as Community Reinvestment Act entities that flourish in the poorer urban areas. Because of our interest in creating ownership we are very aware of the barriers that currently exist, and believe the proposed community development test would not alleviate any problems in the less affluent urban neighborhoods, and create a true crisis in the rural areas .

It is our belief that without the separate test for assessing retail branches under the service test, mid-size banks would not build bank branches in low- and moderate- income communities. Banks, in fact, have targeted their expansions of bank branches in the wealthiest communities of metropolitan areas.

Without brick and mortar branches, low- and moderate- income consumers in need of financial services become further dependent on expensive check cashing and payday lending outlets. The provision of bank branches must be a clear factor on any CRA exams for mid-size banks.

We applaud your efforts to define rural so that CRA related activities target these underserved communities. According to one CRC member, "rural" in California is anything outside of the major metropolitan areas like San Diego, Los Angeles, San Francisco, and Sacramento. Banks need incentives to provide services, and the larger banks are notorious for ignoring the needs of the outlying areas, and without incentives to the mid-sized banks the poorer communities will undoubtedly lose important services.

The California Tax Credit Allocation Committee (TCAC) currently analyzes each county and then uses the rural definition from USDA/Rural Housing Service to denote those census tracts that are "urban". If the banks were required to establish a "rural set-aside" for non-affluent areas, such as a dedicated funding source, it would help rural communities to get their fair share of CRA investments regardless of whether they are part of a bank's assessment area.

I hope there is an awareness among the regulators that many bucolic rural communities are experiencing increased rates of poverty due to rising costs of housing and gasoline. As proposed there will be decreased services for those most handicapped economically.

Hope International also urges you to drop your proposed elimination of public data disclosure requirements for community development, small business and small farm lending. Mid-size banks are vital partners in medium-sized cities and rural communities.

Publicly available CRA data, such as small business lending, is an important planning tool that communities and interested parties can use to hold banks accountable for providing credit to small

businesses, small farms and to fund affordable housing. Without this important data the public as well as regulatory agencies will have no way to systematically measure the responsiveness of banks to critical credit needs of low- and moderate- income communities.

If your decision is to operate under a new exam format, then we ask that you compare past levels of community development lending, services and investments so that banks are penalized if they significantly decrease their presence in low-income communities.

Finally, we cannot agree that the regulators should adjust the asset threshold for mid-size banks on an annual basis as a result of inflation. If the regulators use an inflation factor each year to increase the number of banks subject to the new and abbreviated CRA exam, the results will be lower levels of bank financing and services for low- and moderate- income communities.

Thank you for your consideration.

Sincerely,

Patricia Rickon

Director, Hope International

750 State Street, Suite 204,

San Diego, CA 92101