



FACSIMILE TRANSMITTAL SHEET

TO: Thomas Cunny	FROM: Roberto Romagosa
COMPANY: FDIC	DATE: 8/14/04
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VALLEY ECONOMIC DEVELOPMENT CENTER, INC.

August 19, 2004

Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

John M. Reich
Vice Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Thomas J. Curry
Director
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

John D. Hawke, Jr.
Comptroller of the Currency
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

Dear Financial Regulators:

I am writing on behalf of the Valley Economic Development Center (VEDC) to express our strong opposition to the FDIC's plans to exempt depository institutions with less than \$1 billion in assets from comprehensive CRA exams. VEDC, based in the San Fernando Valley of Los Angeles County, is a 501(c)(3) community based private non-profit corporation which offers training, consulting, technical assistance and financing to small and medium-sized businesses.

For over 25 years, the Community Reinvestment Act (CRA) has been responsible for much of the positive community development activity that has revitalized deteriorating neighborhoods across the nation. By altering the CRA exam threshold, regulatory agencies will essentially be weakening the CRA, and diminishing low-income communities' access to economic development. Despite our successes locally and

nationally, the banks and thrift institutions that provided the loans and investments to build new homes, businesses, and community facilities may no longer have the impetus to do so if you change the CRA exam threshold.

It is estimated that 2,000 financial institutions would no longer be evaluated on their investment or services to low- and moderate-income communities. These banks have assets of nearly \$1 trillion, and an estimated \$5 billion of private capital for affordable housing and community development over the next few years.

These proposed rule changes would have a devastating effect on small business development in the San Fernando Valley and other similar communities throughout the nation, particularly in rural areas. Only 63 banks in California will continue to have traditional CRA exams. VEDC has been partnering with financial institutions for over 2 decades, increasing the quality of life for hundreds of residents of our community. Without financial partners, our efforts to revitalize our community would be nearly impossible.

The FDIC should be strengthening incentives for financial institutions to invest in the communities that provide homes, jobs, and economic opportunities to working families. Please do not raise the CRA exam threshold.

Sincerely,


Rose to B. Bagan
President