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CIVIL RIGHTS
UNDER LAW**

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October 20, 2004

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RE: RIN 3064-AC50, Community Reinvestment

Dear Mr. Feldman:

The Lawyers' Committee for Civil Rights Under Law ("the Lawyers' Committee") is a nonpartisan, nonprofit organization, formed in 1963 at the request of President John F. Kennedy to involve the private bar in providing legal services to address racial discrimination. The Lawyers' Committee is committed to improving lending opportunities for minorities and holding lending institutions accountable for discriminatory practices. As such, the Lawyers' Committee is very concerned about ensuring that the Community Reinvestment Act ("CRA"), which among other things expands access to credit in predominantly minority communities, is not weakened through regulatory changes or loosened enforcement. Specifically, we oppose the proposed watering down of CRA requirements for mid-sized banks.

CRA has been instrumental in increasing access to homeownership, boosting economic development, and expanding small businesses in the nation's minority, immigrant, and low- and moderate-income communities. The proposed changes are contrary to the CRA because they will halt the progress made in community reinvestment.

Under the CRA, banks with over \$250 million in assets must be tested on their number of loans, investments, and services to low- and moderate-income communities. However, the FDIC proposal would eliminate the investment and service requirements for all banks with under \$1 billion in assets. This will result in significantly fewer loans and investments in affordable rental housing, health clinics, community centers, and economic development projects.

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In the watered-down exam, the FDIC proposal would allow mid-sized banks to choose which community development activities they will undertake. Right now, these banks must make community development loans, investments, and services. This proposed test allows banks to choose only one of the three activities. The result will be less community development activity.

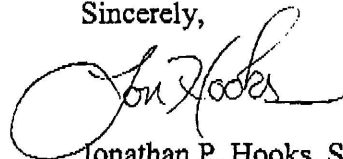
FDIC also proposes that community development activities in rural areas should benefit any group of individuals instead of only low- and moderate-income individuals. But this will allow banks to cherry-pick and focus on affluent residents of rural areas rather than the lower income consumers CRA targets. This is directly contrary to CRA's focus on meeting credit needs of low- and moderate-income communities.

Finally, the proposal would also eliminate publicly available data on the small business lending of mid-sized banks. Without data, community groups and citizens cannot hold banks accountable for lending to small businesses in their neighborhoods.

The changes directly oppose CRA's mandate to require lenders to meet community needs. Specifically, the proposal to change the CRA regulation will result in much fewer loans, investments, and branches in low- and moderate-income communities. CRA is too important to be gutted. Please withdraw this harmful proposal like the two other federal agencies that recognized its harm to underserved communities.

Thank you for your attention to this critical matter. If you have questions regarding our comments, please do not hesitate to contact me directly at (202) 662-8326.

Sincerely,



Jonathan P. Hooks, Staff Attorney
Housing & Community Development Project

cc: National Community Reinvestment Coalition