National Puerto Rican Coalition, Inc. ®

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October 20, 2004

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th St. NW 20429

RE: RIN 3064-AC50

Dear Mr. Feldman:

On behalf of the National Puerto Rican Coalition (NPRC), a non-profit organization representing the interests of over seven million Puerto Rican U.S. citizens on the mainland and in Puerto Rico, I am writing to urge you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations.

Since 1977, the CRA has worked to protect the economic development of low- and moderate- income communities and has been instrumental in increasing access to affordable housing, homeownership and expanding small business opportunities. While current CRA regulations provide for the evaluation of the level of banking services and investment in neighborhoods traditionally underserved by lending institutions; discrimination, predatory lending, and a lack of financial resources and services continue to disproportionately affect Americans of Hispanic descent and minority low-and moderate – income neighborhoods.

Current CRA regulations evaluate mid-sized banks with assets between $250 million and $1 billion on their level of lending, investing and services to low-and-moderate income communities. The proposed regulatory changes would reduce the quality and accuracy of CRA exams for these banks by eliminating the investment and service portions (which collectively count for 50 percent of a bank's CRA grade) and replacing them with a "community development criterion". This new criterion would only require banks to provide community development loans, investments or services (as opposed to all three), meaning the CRA exam would no longer assess their performances for all three categories, as is currently required.

As a result of the proposed regulation changes, mid-sized banks would no longer be held fully accountable for the quality of investments and services provided, resulting in significantly fewer loans and investments in affordable rental housing, low-income housing tax credits, economic development projects and community service facilities, such as health clinics. They would also no longer be required to collect and report essential lending information such as small business lending by census tract, or the revenue size of small business borrowers. This drastic weakening of the lending test would make it nearly impossible to determine whether mid-sized banks are accurately meeting the credit needs of minority-owned, women-owned and other small businesses.

Banks who meet the criteria would also no longer have the regulatory incentive to provide efficient and fair services for low-and-moderate income consumers, such as offering affordable checking and savings accounts, and maintaining and opening new

Branches and ATM machines in their communities. Also, while it has been considered by the four banking regulators to include remittances services in the CRA evaluation, even if these services were to be included banks would not be required to offer this service under the proposed changes.

According to FDIC data, 879 state-chartered banks with 7,860 branches and over $392 billon in assets would be eligible for these proposed regulation changes, and only 223 (4 percent) of all FDIC supervised banks would continue to receive the full CRA exam. Mid-sized banks that no longer have the obligation to reinvest in their communities may not provide the services necessary to bring unbanked low-and-moderate income minority and Hispanic households into the financial mainstream. It is also important to consider that the proposed changes would severely impact states with significantly large Puerto Rican and Hispanic populations. As the nations fastest growing and largest minority population, it is imperative the Hispanic community have the resources necessary to continue to drive the economy with their contributions and to take advantage of banking services that will allow them to invest in their future and contribute to the Administration's goal of creating 5.5 million new minority homeowners by the end of the decade.

STATES	Total Population	Total Puerto Rican Population *(percentage of total population)*	Total Hispanic Population *(percentage of total population)*	Total Number of Mid-Sized Bank	Total Assets Mid-Sized Banks ($250 Million- $1 Billion) ** numbers are in thousands*
NEW YORK	18,976,457	1,050,293 (5.5%)	2,867,583 (15%)	26	$13,026,084
FLORIDA	15,982,378	482,027 (3%)	2,682,715 (16.7%)	30	$14,923,024
NEW JERSEY	8,414350	366,788 (4.4%)	1,117,191 (13.3%)	28	$11,989,268
PENNSYLVANIA	12,281,054	228,557 (1.9%)	394,088 (3.2%)	43	$18,855,985
MASSACHUSETTS	6,349,097	199,207 (3.1%)	428,729 (6.7%)	80	$39,009,733
ILLINOIS	12,419,293	157,851 (1.3%)	1,530,262 (12.3%)	70	$33,140.124

*Sources: 2000 U.S. Census Bureau
National Community Reinvestment Coalition CRA Report

A weaker CRA exam also threatens efforts in preventing predatory lending. Hispanic Americans are disproportionately targets of predatory lending due to linguistic and cultural barriers including limited English proficiency, not understanding or trusting banking institutions and having little or poor credit. This proposal would make it more difficult to hold financial institutions accountable for compliance with consumer protection laws.

Further limitation of community banking options; will negatively impact the economic and social development of low and moderate-income communities. NPRC feels the proposed changes to CRA will significantly reduce investment in community economic development initiatives, impede access to banking services, and hinder the administration's goals of increasing minority homeownership.

Existing financial protections should be developed and evaluated to better serve the development needs of underserved communities. Regulatory changes should not result in curtailing current banking and community investment opportunities, but should continue to hold financial institutions accountable for their performance in fulfilling the financial needs of the communities in which they are doing business.

Sincerely,

Manuel Mirabal
President & CEO