

**ASSOCIATION FOR NEIGHBORHOOD & HOUSING DEVELOPMENT INC.**

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April 5, 2004

Jennifer Johnson  
Secretary  
Board of Governors- Federal Reserve System  
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Washington, DC 20551

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Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20522

**Subject: Proposed Changes to CRA****Federal Reserve: Docket R-1181    OCC: Docket 04-06    OTS: No. 2004-04**

Dear Sirs,

The Association for Neighborhood & Housing Development (ANHD) strongly opposes the proposed changes to the Community Reinvestment Act.

ANHD is a 30 year old non-profit which serves and supports community-based housing organizations located in the five boroughs of New York City. We have 97 member organizations, including CDCs, community organizing groups and supportive housing providers.

Our member organizations have successfully rebuilt blighted neighborhoods, preserved poor and working class communities and developed and now manage over 30,000 units of low- and moderate-income housing. In addition to housing programs, our membership has also sponsored exciting and innovative commercial revitalization projects, engaged in workforce development initiatives and obtained substantial improvements in quality of life in the areas of public safety, education, child care and open spaces for the people they serve.

Thanks to the Community Reinvestment Act, our neighborhoods have seen the return of financial institutions which had abandoned them in the 1970s.

Many of the successful neighborhood transformations in which our members played a role were, in fact, collaborations with a variety of public and private agencies; their strongest partners in these efforts are local banks.

We also know that without a strong CRA, we would again see the exodus of financial institutions from our neighborhoods. To remain relevant, the CRA needs to be strengthened, not diluted. Banks have expanded into new fields in recent years, and a smaller portion of their activities are now covered by the CRA. At the same time, regulatory agencies have become increasingly generous in their evaluations of banks' CRA performance. Further carving away of the CRA would have a very negative effect on low-income communities around the country.

The proposed changes to which we object are:

- Changing the definition of a "small bank" from \$250 million to \$500 million, exempting approximately 1100 banks around the country from the service and investment tests.
- Adopting a very narrow definition of predatory lending which excludes some of the most abusive practices by lenders.
- Allowing banks to exclude the lending activities of their affiliates; giving them the option to report on those affiliates only when their activities support a positive CRA rating.

For the reasons outlined above, we oppose the proposed changes to the Community Reinvestment Act.

Sincerely,



Irene Baldwin  
Executive Director