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August 10, 2004

Mr. James E. Gilleran
Director
Office of Thrift Supervision
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CHICAGO COMMUNITY LOAN FUND

Dear Mr. Gilleran:

On behalf of Chicago Community Loan Fund (CCLF), I respectfully ask you to reverse your July 16th decision to change the Community Reinvestment Act definition of a small bank from $250 million to $1 billion. This significant change will adversely impact the community development finance industry and other vital community development investments in low-income and underserved areas.

As a result of the OTS's decision to raise the small bank standard from $250 million to $1 billion, in Illinois alone, 15 banks from nine different counties with combined assets of over $6.1 billion would not be subject to the full CRA Exam, including the investment and service tests. This eliminates an important incentive for financial institutions to partner with community development finance organizations and others engaged in community development.

Chicago Community Loan Fund (CCLF) provides flexible financing to community development organizations for the revitalization of low and moderate-income neighborhoods throughout metropolitan Chicago. Now in its 14th year of operation, the not-for-profit fund has grown successfully from an initial investment of $200,000 to $10.6 million in total capital under management. To date, CCLF has closed nearly $15 million in financing for community development initiatives. In turn, this financing has leveraged approximately $213 million in public and private sector capital for community revitalization. Our vision is to improve as a high performance community development financial institution producing high social impact in our metropolitan area's low- and moderate-income neighborhoods.

CCLF is also part of a broader, robust Illinois community development finance industry that has created over 1,800 new businesses, 17,000 new or retained jobs, 23 million square feet of commercial real estate in low-income or high need communities and 45,350 units of affordable housing throughout Illinois.

Approximately 25% of the investments in CCLF's lending pool are from banks, and about one third of our contributed operating funds comes from banks. Many of our bank relationships have become mutually beneficial partnerships, taking advantage both of the banks' and of CCLF's particular lending strengths—but many of them would never have been initiated without CRA incentives.

The regulatory burden for mid-sized financial institutions is not sufficient to justify the potential loss of essential development resources for LMI and rural communities state- and nationwide. Once institutions that control a significant number of branches and deposits in these communities are subject to streamlined CRA examinations, they will no longer be examined and given credit for their investments in affordable housing developments, developing innovative financial services products that reach the unbanked, or expanding their branch networks into underserved communities. Without this incentive, it is less likely that banks will participate in such activities in LMI and rural communities.

In order to ensure the continued growth and sustainability of the community development finance industry and its ability to provide financial services and products to traditionally underserved communities throughout the country, **it is essential for OTS to reverse its decision to raise the definition of small banks from $250 million to $1 billion.**

Sincerely,

Calvin L. Holmes
Executive Director