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United States Senate
WASHINGTON, D.C. 20510

July 16, 2004

Office of the Comptroller of the Currency
250 E St. SW,
Washington 20219

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th St NW
Washington, D.C. 20429

Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington, D.C. 20552

Dear Officials of Federal Bank and Thrift Regulatory Agencies:

We join a number of our colleagues in writing to express our opposition to the recently published interagency proposal revising the Community Reinvestment Act (CRA) regulations. We are concerned that the proposal will weaken the effectiveness of CRA which has been so critical in encouraging financial institutions to meet the credit needs of under served communities across Wisconsin.

A number of our constituents have raised serious concerns regarding the proposed changes. They are concerned that the proposal does not adequately address the problem of predatory lending. While they believe some of the enhanced data disclosure provisions are a step in the right direction, such as the proposal to publicly report the specific census tract location of small businesses receiving loans, they note that the proposed changes fail to close loopholes in the CRA regulation. In this regard, they cite, in particular, the ability of institutions to include affiliates on CRA exams at their option, thus permitting manipulation of CRA exams through the exclusion of affiliates that are not serving low and moderate income borrowers, and the exclusion of affiliates engaged in predatory lending.

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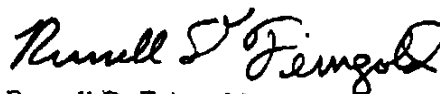
Our constituents have also voiced concerns about the proposed changes to the small bank threshold, and while some adjustment may make sense, they believe the proposed \$500 million standard is too high.

CRA has been a vital tool in providing under served communities access to critical financial services. The revisions made to CRA in 1995 were an improvement on the original law in many respects. As some of our colleagues have noted, those revisions emphasized performance over process, adopted a comprehensive examination of a bank's lending, investment and service activities, and addressed the regulatory burdens of the smallest institutions. Unfortunately, the current proposal risks weakening the effectiveness of CRA by reducing the obligation of institutions to invest in under served communities. Because of that, we urge you to withdraw the proposed changes.

Sincerely,



Herb Kohl
United States Senator



Russell D. Feingold
United States Senator