



CUNA & Affiliates
A Member of the Credit Union System

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VIA E-MAIL: regs.comments@federalreserve.gov (Docket No. R-1181)
regs.comments@occ.treas.gov (Docket No. 04-06)
comments@fdic.gov (Attention: Comments)
regs.comments@ots.treas.gov (Attention: No. 2004-04)

April 6, 2004

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

Communications Division
Public Information Room
Mailstop 1-5
Office of the Comptroller of
the Currency
250 E Street, SW
Washington, DC 20219

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

✓ Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Re: Proposed Rules – Community Reinvestment Act

To Whom It May Concern:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the proposed rules that would amend the Community Reinvestment Act (CRA) published in the *Federal Register* February 6, 2004. CUNA represents more than 90 percent of our nation's nearly 10,000 state and federal credit unions.

CUNA's Views

The Community Reinvestment Act was enacted in 1977 to encourage banks and thrifts to meet the credit and deposit needs of their communities, including low-and-moderate-income areas, consistent with safe and sound banking practices. It is well documented that Congress recognized that overall, banks and thrifts had a poor record of serving their communities and they often focused instead on opportunities outside of the market areas from which they received their deposits.

CRA has been a federal law for twenty-seven years, and we believe there is evidence that the Act and implementing regulations have had a positive effect in seeking to ensure that those institutions with a record of failing to serve their communities make measurable efforts to do so.

In February, the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) published a number of proposed changes to the CRA regulations. As pointed out by the regulators in the Joint Notice of Proposed Rulemaking, the proposed change in the definition of "small institution" would, if adopted, substantially lessen the CRA performance standards for 1,100 institutions.

While debate about the advisability of this change will undoubtedly occur, in our view decisions regarding the implementation of CRA are most appropriately determined by the bank and thrift regulators, a point on which we believe the banking industry would agree. Just as bank supervisors are uniquely positioned to regulate banks regarding their responsibilities to meet community credit needs, credit union regulators are most appropriately positioned to address credit union regulatory issues, including service to credit union members. Bank, thrift and credit union regulators should all receive equal deference in these matters.

Thank you for the opportunity to comment on the proposed rules that would amend the CRA regulations. If you or other Board staff have questions about our comments, please give me a call at (202) 638-5777.

Sincerely,



Mary Mitchell Dunn
CUNA Senior Vice President and
Associate General Counsel