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Neighborhood Economic Development Corporation

635 E. Broadway Road, Mesa, Arizona 85204

(480) 833-9200 Ext 117 FAX (480) 833-6308

www.nedco-mesa.org

April, 2004

Docket No. 04-06
Communications Division
Public Information Room, Mailstop 1-5
Office of the Comptroller of the Currency
250 E St. SW,
Washington 20219

Docket No. R-1181
Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St NW
Washington DC 20429

Regulation Comments, Attention: No. 2004-04
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington DC 20552

Dear Officials of Federal Bank and Thrift Agencies:

As a member of the National Community Reinvestment Coalition, and on behalf of Neighborhood Economic Development Corporation, I urge you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations.

CRA has been instrumental in increasing access to homeownership, boosting economic development, and expanding small businesses in the nation's minority, immigrant, and low- and moderate-income communities. Your proposed

changes are contrary to the CRA statute because they will halt the progress being made in community reinvestment. I know because I remember the resources that were available prior to CRA for community development—they were ONLY public resources. Now, with banks required to lend, financial resources to preserve neighborhood assets such as housing are mostly private and precious, not to be tampered with through gutting this legislation.

The proposed CRA changes will thwart the Administration's goals of improving the economic status of immigrants and creating 5.5 million new minority homeowners by the end of the decade. Ironically, the proposed CRA changes would facilitate predatory lending and reduce the ability of the general public to hold financial institutions accountable for compliance with consumer protection laws.

The proposed changes include three major elements: 1) Streamlined, i.e. cursory exams for banks with assets between \$250 million and \$500 million; 2) a weak predatory lending compliance standard under CRA; and 3) expanded data collection and reporting for small business and home lending.

The beneficial impacts of the third proposal are overwhelmed by the damage imposed by the first two proposals. In addition, you did not update procedures regarding affiliates and assessment areas in this proposal, and thus missed a vital opportunity to continue CRA's effectiveness.

Thank you for your attention to this critical matter.

Sincerely,

Karen LaFrance
Executive Director

Cc: National Community Reinvestment Coalition
President George W. Bush
Treasury Secretary John W. Snow