

From: Adam Rust [adam@cra-nc.org]
Sent: Friday, January 14, 2005 12:10 PM
To: Comments, Regs
Cc: action@cra-nc.org
Subject: No. 2004-53

Dear Sirs:

The Community Reinvestment Act works. Please do not subvert its power by changing the asset size requirements for banks, or by allowing banks to choose the means of measurement for their CRA investments.

In our community, the CRA has prompted investments that create jobs and foster home ownership opportunities. Today's News and Observer, in fact, has an article that included pictures of several of those investments within just a few miles of my house.

Critics of the CRA point out that the law imposes a regulatory burden upon their operations. Some small banks admit spending as much as \$25,000 per year to comply with the paperwork for the law. That may be an onerous expense in some cases, but the answer is not to eliminate the entire bill when merely making a minor and appropriate adjustment would work instead.

They also say that in an era of bank mergers, that \$1 billion represents a community bank. Yet in North Carolina, changing the asset test will mean that only 9 of our 108 FDIC-regulated institutions must participate in the CRA. In contrast, currently 44 banks have assets greater than \$250 million.

At the same time, recipients of CRA investments experience an opportunity to participate in our economy. It is important to remember why our country needed the CRA in the first place -- because left unchecked, banks chose to ignore entire regions or populations within their lending communities.

In Washington these days, people say that we need an ownership society. Loans represent one of the most common ways to gain entrance into that club. We need the CRA to keep the door to ownership open for everyone.

Thanks for your attention.

Sincerely,

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