



National
Urban League

**Empowering Communities.
Changing Lives.**

May 10, 2005

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
RE: Docket No. R-1225

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St. NW, Washington, DC 20429
RE: RIN 3064-AC89

Office of the Comptroller of the Currency
250 E St. SW, Mail Stop 1-5
Washington, DC 20219
RE: Docket Number 05-04

To Whom It May Concern:

The National Urban League believes strongly that strengthening the Community Reinvestment Act (CRA) is a key component to the National Urban League's agenda for increasing business development and entrepreneurship, and closing the black/white home ownership gap in African American and other urban communities. The importance of the CRA was included among our recommendations for closing the equality gap in our recently released annual report, the *State of Black America 2005: Prescriptions for Change* on April 6, 2005.

It is within this context that, as President and CEO of the National Urban League, and as the Chairman of the Urban Entrepreneur Partnership, I am writing to urge you to improve upon your proposed changes to the Community Reinvestment Act (CRA) regulations. Any proposed change must insure that banks do not reduce their levels of branches, and community development loans and investments to low- and moderate-income communities.

While your proposal shows improvement from the one issued last fall, we find that there are serious issues that remain. We are encouraged that your current proposal retains the requirement that mid-size banks with assets between \$250

million to \$1billion engage in all three essential community development activities – i.e. community development loans, investments and services – in order to pass their CRA exams. *We still believe that the current exam structure of separate lending, investment, and service tests is the most effective structure for maximizing the level of community development financing.* If you move to a new exam format, then you must ensure that significant declines of community development financing do not occur.

The National Urban League believes strongly that investments in affordable housing and economic development are important strategies in building wealth for families and communities and thus opening up new markets for bank lending and services. In our *State of Black America 2005* report, we outline the need to close the home ownership gap by lowering down payment requirements and making mortgages more available and affordable to all. The Community Reinvestment Act has helped to guide the banks in this important area. The importance of these investments is one reason why you must carefully develop any final proposal regarding the CRA exam structure.

We are concerned that any proposal deleting a separate test for services will result in CRA exams no longer holding mid-size banks accountable for the provision of bank branches and low-cost accounts in low- and moderate-income communities. With payday lending and other high cost credit increasing in communities over the last several years, the last thing we need are CRA exams that no longer look at the number of bank branches in traditionally underserved communities. *We therefore urge that you add the provision of bank branches as a clear factor on your proposed CRA exams for mid-size banks.*

The National Urban League also urges that you drop your proposed elimination of public data disclosure requirements regarding community development, and small business and small farm lending. Mid-size banks are vital in many communities, particularly in medium-sized cities and rural communities. Keeping the CRA data publicly available is the only way to hold mid-size banks accountable for providing credit to small firms and for affordable housing and community development. The public as well as regulatory agencies will have no way to systematically measure the responsiveness of these banks to critical credit needs if you eliminate this data. We also urge that you retain the requirement that community development in rural areas must benefit low- and moderate-income areas and distressed communities.

Last fall, I announced a new groundbreaking national partnership to encourage minority entrepreneurship and business development nationwide. The new Urban Entrepreneur Partnership aims to increase access to capital and create jobs in historically neglected and economically underserved urban areas by combining private, public and non-profit sector resources to develop one-stop economic empowerment centers. The centers will provide business training, counseling, financing, and procurement opportunities to minority and urban business owners. This historic partnership is the result of a great collaborative effort that includes the White House National Economic Council, the Ewing Marion Kauffman

Foundation, the Business Roundtable, the Minority Business Development Agency, the Small Business Administration, the Stonehenge Community Development Fund, and others. In light of this groundbreaking initiative, I urge you to reject any proposal that would serve to weaken the Community Reinvestment Act. The CRA is a key civil rights law that is vital in promoting equal opportunity in an ownership society. We must strengthen the CRA, not weaken it.

Thank you for considering our comments. If you care to reach me, please contact me at 212-558-5336 or Stephanie Jones, Executive Director of our National Urban League Institute for Opportunity and Equality in Washington, D.C., 202-898-1604 ext. 15.

Sincerely,

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Marc H. Morial
President and CEO, National Urban League
Chairman, Urban Entrepreneur Partnership