

CITY OF OAKLAND



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IGNACIO De La FUENTE
 President of the City Council

October 19, 2004

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Mr. Robert Feldman
 Executive Secretary
 Attention: Comments/Legal ESS
 Federal Deposit Insurance Corporation
 550 17th St., NW
 Washington, DC 20429

8583

RE: RIN 3064-AC50

Dear Mr. Feldman:


As Oakland's City Council President, I am opposed to your proposal to amend the requirements of the CRA (Community Reinvestment Act) for mid-sized banks. CRA has been instrumental in increasing homeownership and economic development in lower-income communities, such as those in our city of Oakland. However, your proposed changes will halt the progress achieved in the past 25 years.

I understand that, currently, banks with \$250 Million in assets must be tested on their number of loans, investments, and services to low- and moderate-income communities. However, the current proposal would eliminate the investment services requirements for all banks with under \$1 Billion in assets. Under the proposed amendments, your organization will abandon its responsibility and would allow mid-size banks to choose which community development activities they will undertake, thereby ignoring many low-income communities.

Our experience in the City of Oakland has shown that without such requirements banks will stay away from low- and moderate income communities in favor of more lucrative markets. Specifically, we have adopted laws to restrict the proliferation of expensive check-cashing and pay-day loan operations in order to encourage more banks to open branches and provide services in under-served communities. Your current proposal will weaken our ability to accomplish this.

Your changes directly oppose CRA's mandate to require lenders to meet community needs. CRA is too important to be gutted, especially for cities such as Oakland that have been making substantial progress in revitalizing neighborhoods despite tough economic conditions. Please drop your proposal like the two other federal agencies that recognized its harm to underserved communities.

Sincerely,


 Ignacio De La Fuente
 President of the Oakland City Council