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PITTSBURGH COMMUNITY REINVESTMENT GROUP

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Mt. Washington Community Development Corp.

Northside Leadership Conference

Oakland Planning and Development Corp.

South Side Local Development Company

Spring Garden Neighborhood Council

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

RE: RIN 3064-AC50

Dear Mr. Feldman:

As a staff member of the Pittsburgh Community Reinvestment Group, I urge you to withdraw your proposed changes to the Community Reinvestment Act (CRA) regulations. CRA has been instrumental in increasing homeownership, boosting economic development, and expanding small businesses in Pittsburgh's minority and low- and moderate-income communities. Your proposed changes are contrary to the intent and fundamentals of CRA because they will impede the progress made in community development.

Currently, CRA exams look at the number of loans, investments, and services that banks with more than \$250 million in assets make to low- and moderate-income communities. Your proposal will eliminate the investment and service portion of the CRA exam for banks with assets between \$250 million and \$1 billion thereby affecting several key banking institutions here in Pittsburgh.


To replace the investment and service parts of the CRA exam, the FDIC proposes to add an inadequate community development criterion. Mid-size banks with assets between \$250 million and \$1 billion would only have to engage in one of three activities: community development lending, investing or services. Currently, mid-size banks must engage in all three activities. PCRG believes that the end result will be significantly fewer loans and investments in affordable home-ownership programs, small business loans and community based development lending. Traditionally, mid-size banks have accomplished these activities by developing innovative products and creating underwriting criteria to meet the needs of underserved communities and their development corporations. By eliminating the requirements set

forth by CRA, Mid-size banks will no longer keep these actions in mind when conducting banking practices.

The elimination of the service test will especially have a harmful consequence for low- and moderate-income communities in Pittsburgh. CRA examiners will no longer expect mid-size banks to place bank branches in low- and moderate-income communities. Effectively, halting our efforts to provide affordable checking and savings accounts to consumers with modest incomes. In addition, your proposal eliminates small business lending data reporting for mid-size banks. Without data on lending to small businesses, the public cannot hold mid-size banks accountable for responding to the credit needs of small businesses, which is a fundamental aspect of community development.

In conclusion, your proposal is directly the opposite of CRA's mandate of imposing an obligation to meet community needs. Two other federal agencies did not embark upon the path you are taking because they recognized the harm it would cause. CRA is too vital to be gutted by regulators. If you do not reverse your proposed course of action, PCRG will ask that Congress halt your efforts before the damage is done.

Sincerely,



Joseph C. Ott
Research Analyst
Pittsburgh Community Reinvestment Group

Cc:

National Community Reinvestment Coalition
President George W. Bush
Senators John Kerry and John Edwards