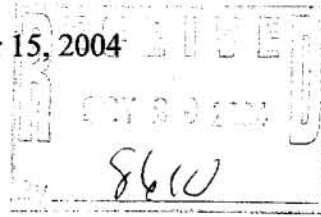




The Minnesota Chippewa Tribe

October 15, 2004



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

Administration
218-335-8581
Toll Free: 888-322-7688
Fax: 218-335-8496
Home Loan
218-335-8582
Fax: 218-335-6925
Economic Development
218-335-8583
Fax: 218-335-8496
Education
218-335-8584
Fax: 218-335-2029
Human Services
218-335-8585
Fax: 218-335-8080
Water Quality
218-335-6303
Fax: 218-335-8187

RE: RIN 3064-AC50

Dear Mr. Feldman:

As President of the Minnesota Chippewa Tribe, I urge you to read the 2003 survey conducted by the National American Indian Housing Council (NAIHC) and the National Community Reinvestment Coalition (NCRC) and withdraw your proposed changes to the Community Reinvestment Act (CRA) regulations. The survey generated perspectives from officials on Indian reservations regarding the extent of predatory lending. Key findings – tribal representatives report discrimination, high cost loans and abusive manufactured housing loans. The findings merit further investigation and policy intervention.

The Bush Administration has proclaimed a goal of increasing minority homeownership by 5.5 million families by 2010. A good place for the Bush Administration to start is working with tribal representatives to combat predatory lending and to promote affordable lending on tribal land. CRA has been instrumental in increasing homeownership, boosting economic development, and expanding small businesses. Your proposed changes are contrary to the CRA statute and Congress' intent because they will slow down, if not halt, the progress made in community reinvestment.

The proposed changes will thwart the Administration's goals of improving the economic status of American Indians. Since FDIC Chairman Powell is proposing the changes, the sincerity of the Bush Administration's commitment to expanding homeownership and economic development is called into question. How can an administration hope to promote community revitalization and wealth building when it proposes to dramatically diminish banks' obligation to reinvest in their communities?

The proposed changes to CRA regulations that currently require performance evaluations of lending, investing and services to low and moderate income communities are seriously deficient. In place of the investment and service parts of the CRA exam, the FDIC proposes to add a community development criterion. The community development criterion would require banks to offer community development loans or investments or services.

Mid-size banks with assets between \$250 million and \$1 billion would only have to participate in one of the three activities. Under your proposal, a mid-size bank can choose a community development activity that is easiest for the bank instead of providing an array of comprehensive community development activities needed by low- and moderate-income communities. The proposed community development criterion will result in significantly fewer loans and investments in affordable rental housing, Low-Income Housing Tax Credits, community service facilities like health clinics, and economic development projects. A mid size bank will easily demonstrate compliance by passively participating in a few grants or sponsoring a home-ownership fair.

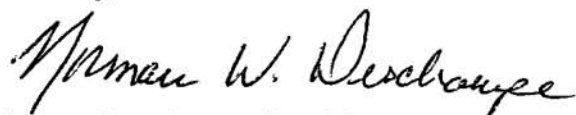
The elimination of the service test will have harmful consequences for low- and moderate-income Indian communities. CRA examiners will no longer expect mid-size banks to maintain and/or build bank branches on or near Indian reservations. Mid-size banks will no longer make sustained efforts to provide affordable banking services, and checking and savings accounts to consumers with modest incomes.

Another destructive element in your proposal is the elimination of the small business lending data-reporting requirement for mid-size banks. Mid-size banks will no longer be required to report small business lending by census tracts or revenue size of the small business borrowers. Without data on lending to small businesses, it is impossible for the public at large to hold the mid-size banks accountable for responding to the credit needs of minority-owned, women-owned, and other small businesses. Data disclosure has been responsible for increasing access to credit precisely because disclosure holds banks accountable. Your proposal will decrease access to credit for small businesses -- directly contrary to CRA's goals.

Finally, you propose that community development activities in rural areas can benefit any group of individuals, regardless of income. Since banks will be able to focus on affluent residents of rural areas, your proposal threatens to divert community development activities away from the low- and moderate-income communities that CRA targets.

If your agency is about CRA's continuing and affirmative obligation to meet credit needs, you might propose more community development and reporting requirements for more banks instead of reducing existing obligations.

Sincerely,



Norman Deschampe, President
Minnesota Chippewa Tribe

Cc:

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