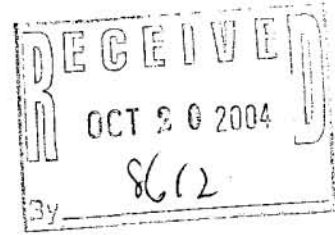


RURAL DEVELOPMENT & FINANCE CORPORATION



October 15, 2004

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

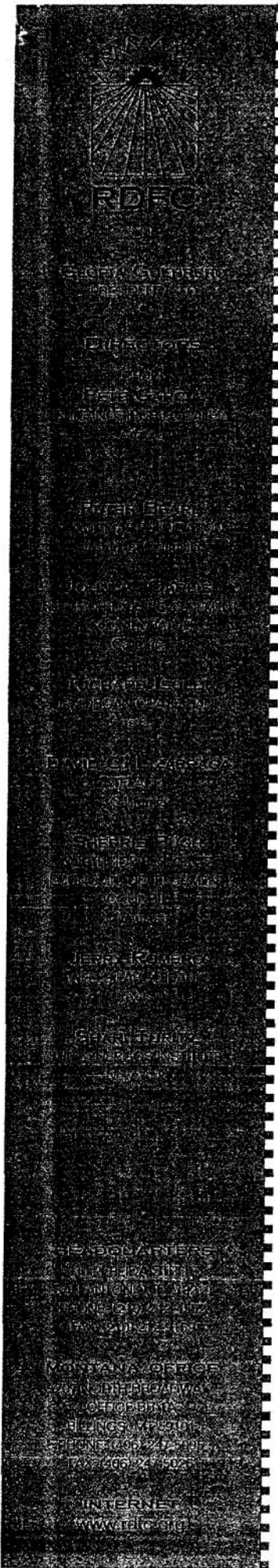
RE: RIN 3064-AC50

Dear Mr. Feldman:

As a national community development finance intermediary that works to increase access to capital for rural areas, the Rural Development & Finance Corporation (RDFC) is opposed to watering down the Community Reinvestment Act requirements for mid-sized banks. CRA is a critical and proven tool for increasing homeownership and economic development in lower-income communities. The proposed changes will halt the progress that has been made since CRA's inception and severely damage revitalization efforts in America's neediest areas.

Your proposal would eliminate the investment and service requirements for all banks with under \$1 billion in assets. This will result in significantly fewer loans and investments in affordable rental housing, health clinics, community centers, and economic development projects. The proposed changes would also allow mid-sized banks to choose which community development activities they will undertake. Right now, these banks must make community development loans, investments, **and** services. Your proposed test allows banks to choose only one of the three activities. The result will be less community development activity. *This is a chilling prospect for the economy, for rural communities—and the nation—as we continue to struggle with the runaway deficit and the impact of rising energy costs.*

The FDIC is also proposing that community development activities in rural areas should benefit any group of individuals rather than only low- and moderate-income individuals. This action will allow banks to cherry-pick and focus on affluent residents of rural areas rather than the lower



income consumers CRA targets. Affluent residents of these areas are quite fortunate that they don't need CRA-afforded protection!

Finally, your proposal would eliminate publicly available data on the small business lending of mid-sized banks. Without data, community groups and citizens cannot hold banks accountable for lending to small businesses in their neighborhoods. In the Information Age where information is critical to sound decision and policy-making, this is a reactionary measure that strikes at the heart of efforts to require financial institutions to operate transparently and ensure investor confidence.

These proposed changes directly oppose CRA's mandate to require lenders to meet community needs. CRA is too important to be gutted. Please drop your proposal like the two other federal agencies that recognized its harm to underserved communities--and to the American economy, at large.

Respectfully,

A handwritten signature in black ink, appearing to read "Gloria Guerrero", with a long horizontal flourish extending to the right.

Gloria Guerrero
President/CEO

cc:
California Community Reinvestment Coalition
NCRC