



**NATIONAL COUNCIL ON AGRICULTURAL LIFE
AND LABOR RESEARCH FUND, INC.**

"First in housing services, because we care."

April 6, 2004

Docket No. R-1181

Jennifer J. Johnson, **Secretary**
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

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Dear Officials:

I am writing with dire concerns about the proposed Community Reinvestment Act regulation that is under consideration, which would;

1. Provide streamlined and cursory exams for banks with assets between \$250 and \$500 million, and
2. Establish a weak predatory lending compliance standard under CRA.

Why would banks currently regulated by CRA be offered a streamlined approach which no doubt would soften CRA and its impact? Eliminating the investment and service tests for the CRA exam for banks with asset size between \$250 and \$500 million would have a negative impact on the very households, communities, and neighborhoods that CRA is supposed to serve. The only outcome would be less available credit and less access to banking services for underserved communities and less incentive to invest in Low Income Housing Tax Credits, Individual Development Accounts, and Revolving Loan Funds.

Predatory lending must be brought under control and banks that do it or have subsidiaries that do it should be regulated. Otherwise, consumers will continue to be preyed upon and will lose what wealth and equity they have. On one hand, CRA helps provide attractive credit and investments. On the other hand, CRA does not stop predatory lending, which can easily thwart all of the gains made for lower income households, minorities, and neighborhoods in need. A bank's predatory lending should be public and made part of the ranking for CRA so the public/consumers can make informed choices. After all, predatory lending negatively impacts safety and soundness of our communities and neighborhoods. Frankly, this is scourge that needs to be brought under control fast.

Changes that soften CRA directly undercut the administration's emphasis on increasing the minority rate of homeownership. Please maintain CRA in the current manner, which is working well in most instances, and tighten it up on predatory lending.

Thank you for your consideration.

Sincerely,

Joe L. Myer
Executive Director