



April 2, 2004

VIA FACSIMILE 202-452 3819

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

RE: Docket No. R-1181

Dear Ms. Johnson:

As a banking customer and organization that promotes affordable homeownership, I urge you to change the proposed Community Reinvestment Act (CRA) regulation before finalizing it. I believe a **stronger** predatory lending standard is needed. In addition, the small bank definition should remain at \$250 million in assets. Wisconsin would be hard-hit by the proposed **changes** in requirements for small banks.

More attention to smaller banks is necessary. More can be done if regulators would encourage the larger of the small banks to support community development lending and investments in their communities. Keeping them on the large bank CRA exam will do more to encourage reinvestment in the community than letting them take the small bank exam does. We urge that the asset threshold definition of a small bank not be raised.

We also are very concerned about the proposed standard regarding predatory loans. We are well aware of unscrupulous lenders that engage in "asset-based lending" and try to force borrowers into foreclosure to take over their homes. In addition, there are many opportunities for seemingly good banks to take advantage of customers, who are not savvy about the loan origination process. We believe regulators should use CRA exams to penalize lenders who push high cost loans with high fees and those that put families into a predatory loan only to then try to flip the homeowner into an even worse loan. Likewise, we oppose prepayment penalties that prevent customers from refinancing out of a bad loan, loans with balloon payments, and costly single premium credit insurance policies that do not benefit the customer. A bank's CRA rating should be adversely affected when its loans include such features.

On this matter, we support the position of the National Community Reinvestment Coalition.

Thank you for your attention to our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Raymond Schmidt".

Raymond Schmidt
 Executive Director