From: "Bridget Claridy" <bclaridy@wdclv.org> on 03/15/2005 11:55:43 AM

Subject: Community Reinvestment Act

Women's Development Center

953 E. Sahara Ave., Suite 201
Las Vegas, NV
89104
(702)
796-7770

March 14, 2005

Docket Number R-1225

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

To Whom It May Concern:

I urge the Federal Reserve Board to enhance its proposed changes to the Community Reinvestment Act (CRA) so that banks do not reduce their levels of community development loans, investments and branches in low- and moderate-income communities. The current proposal is an improvement over the one issued in the fall, but serious issues remain.

I am pleased that the proposal for the separate community development test applicable to banks with assets between $250 million and $1 billion has been modified. Banks must be expected to engage in all three essential community development activities—lending, investment and service—to pass their CRA exams. I still believe that the current exam structure of separate lending, investment, and service tests is the most effective structure for maximizing the level of community development financing. If you move to a new exam format for mid-sized banks, you must ensure that significant declines in community development financing do not occur. You could compare levels of community development financing before and after the changes in the CRA exam structure to assess whether such declines are occurring.

I am concerned that the elimination of the separate investment test will result in lower dollar levels of investments. The role of investments in Nevada communities cannot be understated. Investments in affordable housing and economic development build wealth for families and communities and thus open up new markets for bank lending and services. Any final proposal for the CRA exam structure must acknowledge the importance of investments.

I am also concerned that deleting a separate test for services will fail to hold mid-size banks accountable for the provision of bank branches and low-cost accounts in low- and moderate-income communities. Access to mainstream financial services in Nevada is a crucial issue. A recent study found that the number of Nevada check cashers and payday lenders has increased more than 20-fold in the past 6 years. The number of bank branches in traditionally underserved communities must be a factor in CRA exams for mid-size banks.

I urge you to drop your proposed elimination of public data disclosure requirements regarding community development, small business and small farm lending. These data are particularly important for assessing local disparities in lending. In 2004, NCRC released a study of CRA small business lending in metropolitan areas. The study found that Las Vegas has the 11th largest disparity between the number of small business loans made in predominantly minority neighborhoods and in predominantly white neighborhoods. Moreover, Las Vegas has the 15th largest disparity between the number of small business loans made in low- or moderate-income neighborhoods and in middle- or upper-income neighborhoods. If the current CRA public data disclosure requirements are eliminated, there will be no way to assess the extent to which local small business lending disparities exist and how they can be effectively addressed.

Thank you for your consideration of my comments.

Sincerely,

Candace Ruisi
Executive Director