

From: Abbie McBride <amcbride@liifund.org> on 05/10/2005 04:16:49 PM

Subject: Community Reinvestment Act

RE: Docket No.: R-1225-CRA Regulations

To Whom it May Concern,

On behalf of the Low Income Investment Fund (LIIF), a national community development financial institution (CDFI), I am pleased to provide comments in response to the Federal Reserve Board's February proposal to update Community Reinvestment Act (CRA) rules.

CRA has helped to funnel billions of dollars in investments to low- and moderate-income (LMI) communities throughout the country. As an organization that operates at the nexus between private capital markets and low income communities, LIIF has seen the impact of these dollars first hand. Since 1984, LIIF has invested nearly \$500 million in capital for low income communities across the nation. This funding has leveraged \$3.7 billion in additional investments supporting 50,000 homes for families, 20,000 child care spaces for kids, and 12,000 school spaces for youth.

LIIF supports the joint interagency proposal issued by the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency that constructively updates CRA rules. The proposed revisions emphasize "Community Development" benefits for LMI communities with a new 2-part test of equal weight: the Small Bank Lending Test and a new Community Development Test.

The Community Development Test is a flexible alternative that will help overcome problems with the current Large Bank exam. It will provide CRA credit to insured depository institutions for all their community development activities -- loans and investments as well as services. As such, the Test will encourage banks to undertake the complex, resource-intensive loans for affordable housing and other community development projects that are critical to many LMI communities. The proposed rule change is a balanced proposal that will enable insured depository institutions to better meet the needs of their communities. This collaborative and thoughtful effort contrasts with the Office of Thrift Supervision's (OTS's) recent unilateral rule change, which eliminated all requirements for thrifts to provide community development investments and services.

LIIF supports the proposed two-part test and encourages the Federal Reserve Board to invite the OTS to rescind its recent CRA rule changes and join you in their interagency proposal.

Thank you for your attention to this matter.

Sincerely,

Abbie McBride

Director of Planning, Policy & Development
Low Income Investment Fund

