

August 3, 2010

Jennifer J Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C. 20551

RE: Docket ID OCC-2010-0011, R-1386, RIN 3064-AD60

Dear Ms. Johnson:

In anticipation of the agencies' hearings to review aspects of Community Reinvestment Act (CRA) regulations, OBDC Small Business Finance (OBDC) is writing this letter to provide comments and suggest revisions that would better serve the goals of CRA and the needs of under-served communities. These revisions are particularly important because of the current lack of bank responsiveness to low-income communities and communities of color.

Established in 1979, OBDC is a Community Development Financial Institution (CDFI) and a Small Business Administration (SBA) microlending intermediary. OBDC provides business loans from \$1,000 to \$249,500 to small businesses in the San Francisco Bay Area. OBDC works to grow strong communities by providing financing and technical assistance to small businesses that provide employment, services and community benefit in neighborhoods and commercial zones in Alameda, Solano, San Francisco, and Contra Costa Counties, with a special focus on the seven community development districts of Oakland.

The Community Reinvestment Act has promoted fair and equitable access to financial services for more than three decades. CRA has meant sound products that were offered to under-served communities and people as a result of interaction promoted by the CRA.

California is experiencing a devastating and growing economic crisis. The difficult straits of California's small businesses are a critical piece of this economic crisis and high unemployment that is only now beginning to receive attention. CRA evaluation and data collection can make a difference in promoting lending by financial institutions to small, minority-owned and women-owned institutions, particularly those in low-income communities.

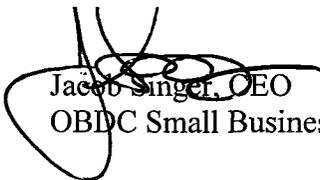
The agencies need to revise the data collected on small businesses to reflect the current array of businesses and stimulate growth of small and micro businesses that employ more than half of all workers.

- It is positive that under the *Dodd-Frank Bill of 2010* lenders will be required to report race and gender of borrowers of small business loans, the census tract location of the business, action taken with respect to the application (approved or rejected), and revenue of the business. The agencies should immediately implement these data collection requirements.

- Data now collected looks only at businesses by revenue for those with annual revenue of \$1million or less annually. A huge portion of minority- and women-owned businesses have revenues of \$500,000 or less annually. Data should also be collected for loans less than \$250,000 and between \$251,00 and \$500,000 to businesses with revenues of \$1 million or less annually.
- Data for size of loans is now collected for loans less than \$100,000, between \$100,000 and \$250,000, and greater than \$250,000. Data on loans between \$250,000 and \$500,000 should also be collected.
- CRA examinations should compare overall small business lending to the proportion of lending to small, women-owned and minority-owned businesses in low-income neighborhoods as well as the overall amount of lending.
- Data should also be collected that shows the annual percentage rate (APR) of loans made.
- Data should be collected that distinguishes between term and revolving debt as well as interest rates.

One of the critical issues for small, minority-owned and women-owned businesses is the importance of business advisory services. These services may be provided to help a business keep from needing to go deeper in debt by making their human resources or marketing or other efforts more efficient. They may also be deployed by lenders to help borrowers stay on time with their debt repayment.

OBDC Small Business Finance looks forward to the implementation of these revisions to CRA regulations this year.

  
Jacob Singer, CEO  
OBDC Small Business Finance