



RDI

Claiming the place we call home

Another destructive element in your proposal is the elimination of the small business lending data reporting requirement for mid-size banks. Mid-size banks with assets between \$250 million and \$1 billion will no longer be required to report small business lending by census tracts or revenue size of the small business borrowers. Without data on lending to small businesses, it is impossible for the public at large to hold the mid-size banks accountable for responding to the credit needs of minority-owned, women-owned, and other small businesses. Data disclosure has been responsible for increasing access to credit precisely because disclosure holds banks accountable. Your proposal will decrease access to credit for small businesses, which is directly contrary to CRA's goals.

Lastly, to make matters worse, you propose that community development activities in rural areas can benefit any group of individuals instead of only low- and moderate-income individuals. Since banks will be able to focus on affluent residents of rural areas, your proposal threatens to divert community development activities away from the low- and moderate-income communities and consumers that CRA targets. Your proposal for rural America merely exacerbates the harm of your proposed streamlined exam for mid-size banks. Your streamlined exam will result in much less community development activity. In rural America, that reduced amount of community development activity can now earn CRA points if it benefits affluent consumers and communities. What's left over for low- and moderate-income rural residents are the crumbs of a shrinking CRA pie of community development activity.

In sum, your proposal is directly the opposite of CRA's statutory mandate of imposing a continuing and affirmative obligation to meet community needs. Your proposal will dramatically reduce community development lending, investing, and services. You compound the damage of your proposal in rural areas, which are least able to afford reductions in credit and capital. You also eliminate critical data on small business lending. Two other regulatory agencies, the Federal Reserve Board and the Office of the Comptroller of the Currency, did not embark upon the path you are taking because they recognized the harm it would cause.

If your agency was serious about CRA's continuing and affirmative obligation to meet credit needs, you would be proposing additional community development and data reporting requirements for more banks instead of reducing existing obligations. A mandate of affirmative and continuing obligations implies expanding and enlarging community reinvestment, not significantly reducing the level of community reinvestment.

Southern Rural Development Initiative
128 E. Hargett St., Suite 202
Raleigh, NC 27601
phone: 919.829.5900
fax: 919.829.0504
email: srdis@srdis.org

SMALL BUSINESS ORGANIZATIONS

Rural Land Based Institutions
Arkansas Land & Farm Development Corporation
Brentley, Arkansas

Boggs Rural Life Center
Knoxville, Georgia

Federation of Southern Cooperatives
Eps, Alabama

Fairlinton Center of Bricks
Whiteaker, North Carolina

North Carolina Indian Cultural Center
Pawfork, North Carolina

Penn Center
St. Helena Island, South Carolina

Community Development Financial Institutions
Appalachian/IBAD
Bona, Kentucky

Arkansas Enterprise Group
Arkadelphia, Arkansas

Center for Community Self-Help
Durham, North Carolina

Enterprise Corporation of the Delta
Jackson, Mississippi

North Carolina Community Development Initiative
Raleigh, North Carolina

North Carolina Minority Support Center
Durham, North Carolina

State-wide Support and Advocacy Organizations
Arkansas Association of CDC's
Little Rock, Arkansas

Georgia Community Development Association
Atlanta, Georgia

Louisiana Association of Community Economic Development (LA CED)
Baton Rouge, Louisiana

North Carolina Association of CDC's
Raleigh, North Carolina

South Carolina Association of CDC's
Charleston, South Carolina

TN CED (Tennessee Network for Community Economic Development)
Nashville, Tennessee

Community Based Philanthropies
Appalachian Community Fund
Knoxville, Tennessee

Black United Fund of Memphis
Memphis, Tennessee

Community Shares of NC
Durham, North Carolina

Community Shares of Tennessee
Knoxville, Tennessee

CORA (Commission of Religion in Appalachia)
Knoxville, Tennessee

Foundation for the Mid-South
Jackson, Mississippi

Fund for Southern Communities
Atlanta, Georgia

Georgia Black United Fund
Atlanta, Georgia

Georgia Shares
Atlanta, Georgia

Comprehensive Community Development Organizations
Center for Economic Options
Charlottesville, West Virginia

Delta CDC
Fayetteville, Arkansas

Delta Foundation
Grenville, Mississippi

MACE
Grenville, Mississippi

MACE/Mountain Assoc. for Community Economic Development
Bona, Kentucky

NC Coalition of Farm and Rural Families
Fayetteville, North Carolina

Quitman CDC
Merik, Mississippi