



CITY OF PORTLAND, MAINE

Joseph E. Gray, Jr.
City Manager

October 20, 2004

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th St. NW
Washington, DC 20429

RE: RIN 3064-AC50: Notice of Proposed Rulemaking to 12 CFR Part 345

Dear Mr. Feldman:

The City of Portland, Maine would like to take this opportunity to comment on the FDIC's proposed changes to Community Reinvestment Act (CRA) requirements. We oppose the change to the definition of "small bank". Currently a small bank is defined as a bank with assets of \$250 million or less. The proposed rule would increase the asset threshold to \$1 billion, thereby allowing banks now classified as "large banks" to fall under the small bank definition. In Maine the 24 or so banks currently classified as "large" would drop to 2. Large banks must undergo a full CRA examination; small banks are not subject to the investment and service tests of the CRA. We believe that this will result in less investment in low and moderate income communities.

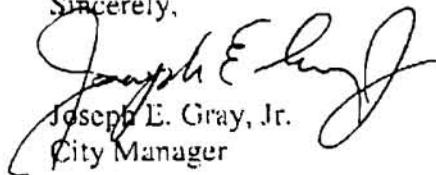
The proposed regulatory changes would also allow mid-size banks to choose which community development activity they will do. Current regulation requires these banks to engage in three types of activities; community development lending, investment and services. Reducing the number of activities in low and moderate income communities will result in less community development activity and place these areas at a distinct disadvantage compared to more affluent areas. This goes against the original intent and spirit of CRA.

The regulations also eliminate publicly available data on small business lending by mid-size banks. Maine is a state made up primarily of small businesses, the back bone of our economy and a critical component of economic development in Portland. Without data, community groups and citizens can not hold banks responsible for lending to small businesses in their neighborhoods.

Taken as a whole, these proposed regulations will hurt the very communities CRA was enacted to protect. CRA has been the driving force behind increased lending, investment and banking services in what were underserved communities. Efforts to weaken these protections will turn back the clock on areas communities like the City of Portland are striving to revitalize. For these reasons the City of Portland is opposed to this proposed rulemaking and asks the FDIC to withdraw it immediately.

Thank you for providing the opportunity to comment on this proposed rule.

Sincerely,



Joseph E. Gray, Jr.
City Manager