

# NCLR

NATIONAL COUNCIL OF LA RAZA

Raul Yzaguirre, President

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September 8, 2004

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

RE: RIN #3064-AC50

Dear Mr. Feldman:

On behalf of the National Council of La Raza (NCLR) please accept these comments on the proposed changes to the Community Reinvestment Act (CRA). NCLR is the largest national constituency-based Hispanic organization in the U.S. dedicated to improving life opportunities for the nation's 38.8 million Hispanics. A private nonprofit organization, NCLR works through a network of more than 300 community-based affiliates in all regions of the country. Strong CRA regulations are essential to increasing access to homeownership, boosting economic development, and expanding small businesses in Latino and immigrant communities. However, the proposed changes jeopardize these local investments made by small and midsized financial institutions.

The proposed changes virtually eliminate the investment portion of the CRA exam for state-chartered banks and thrifts with assets between \$250 million and \$1 billion, adding a community development criterion in its place. Under this rule, banks and thrifts would be required to participate in either community development, lending, or service rather than all three, as is currently required. As a result, banks and thrifts will not be held accountable for their participation in community development and small business lending investments, such as Individual Development Accounts (IDAs), small business loans, affordable housing development capital, and Low-Income Housing Tax Credits (LIHTC), which are critical to Hispanic communities and organizations.

In addition, the removal of the service portion of the CRA exam is particularly detrimental to



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Hispanics. Without the service test, midsized banks will have no inherent interest in providing key elements of affordable banking services that are critical to Latinos, approximately 35% of whom are unbanked, and which are otherwise monitored by the FDIC, such as the provision and location of bank branches; affordable financial products such as no-fee checking and savings accounts; and low-cost remittance services.

CRA is a powerful tool for ensuring immigrant and Latinos' access to critical financial services and capital investments. Changes to the regulations must be made in the spirit in which the law was created and further facilitate community development activities. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Raul Yzaguirre", with a long horizontal flourish extending to the right.

Raul Yzaguirre  
President/CEO

cc: Treasury Secretary John W. Snow