

Proposed Changes to CRA Regulations  
From: Sernorma Mitchell  
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Sent: Tuesday, April 06, 2004 4:58 PM  
To: regs.comments@occ.treas.gov; regs.comments@federalreserve.gov;  
comments@fdic.gov; regs.comments@ots.treas.gov  
Cc: bethany\_sanchez@hotmail.com; Jim Marks  
Subject: Proposed Changes to CRA Regulations

April 6, 2004

Docket No. 04-06  
Communications Division  
Public Information Room Mailstop 1-5  
Office of the Comptroller of the Currency  
250 E Street SW,  
Washington, DC 20219

Docket No. R-1181  
Jennifer J. Johnson  
Secretary, Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

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

Regulation Comments, Attention: No. 2004-04  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street NW  
Washington, DC 20552

Dear Officials of Federal Bank and Thrift Agencies:

As a funder of several human service organizations located in the Milwaukee, Washington, Waukesha, and Ozaukee Counties, Wisconsin, I am writing to object to the proposed changes to the Community Reinvestment Act (CRA) regulations. The CRA has been instrumental in increasing access to homeownership, boosting economic development, and expanding small businesses opportunities to females, persons of color, and economically disadvantaged persons throughout the United States and in southeast Wisconsin. The proposed changes will have a negative impact on the current CRA statute by streamlining exams for small banks with assets between \$250 million and \$500 million, and establishing a weak predatory lending compliance standard under \$250 million. The elimination of the investment and service test for more than 1,100 banks translates into considerably less access to banking services and capital for underserved communities.

As background information, the Greater Milwaukee Foundation (GM Foundation) is a community foundation started in 1915 to significantly improve the quality of life of individuals residing in our targeted geographic areas. The GM Foundation

is a multi-purpose funder, made up of over 750 permanent charitable endowments, serving the four counties of Milwaukee, Ozaukee Washington, and Waukesha. Two of the Foundation's grantmaking priority areas that the proposed changes will have a financial impact include 1) impacting critical issues which negatively affect child, youth and family development (in this instance support is provided to nonprofits that assist first time homebuyers attain homeownership, thus encourages family stability and builds wealth, and 2) targeting small geographic areas through collaborative neighborhood projects for housing, business and commercial development (in this instance banks invest substantial dollars that make it possible for a community foundation to provide "gap" funding). A significant funding strategy for a community foundation is to leverage other community and national resources. Rarely are we the only funder supporting a home buying program, an affordable housing or commercial development. In all instances the diminished participation of banks will make it much more difficult to leverage limited philanthropic dollars. We believe it will help contribute to more economic disinvestment in lower income neighborhoods, thus increasing poverty. For these reasons, we urge you to reconsider the proposed changes, so the existing CRA may continue working towards increasing homeownership, prohibiting redlining in neighborhoods, and discouraging predatory lending.

In closing, the GM Foundation supports the Metropolitan Milwaukee Fair Housing Council (MMFHC) and their local and national affiliates in opposing the proposed legislative changes. Should you have questions, feel free to contact me

Sincerely,

Sernorma Mitchell  
Program Officer  
Greater Milwaukee Foundation  
1020 N. Broadway  
Milwaukee, WI 53202  
Ph. 414-272-5805, ext. 124

Cc: Jim Marks, Associate Director, GM Foundation  
Bethany Sanchez, Director, MMFHC