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From: Josh Silver [jsilver@ncrc.org]
Sent: Monday, December 03, 2001 11:05 AM
To: regs.comments@ots.treas.gov
Subject: Attention Docket No. 2001-67

December 3, 2001

Chief Counsel's Office
Office of Thrift Supervision
1700 G St. NW
Washington, DC 20552

Attention: Docket No. 2001-67

To Whom it May Concern:

The National Community Reinvestment Coalition (NCRC) believes that as the OTS changes its lending and investment regulations to make them more flexible, the OTS must also maintain a focus on community reinvestment and fair lending goals. NCRC's 800 community organization members have experienced first hand how seemingly technical changes to regulations implementing the Home Owners' Loan Act (HOLA) can significantly impact access to credit and capital for traditionally underserved communities.

Our comments to OTS' specific proposals are as follows:

Definition of Small Business Loan: NCRC urges the OTS to reconsider its proposal to raise the definition of a small business and farm loan to $2 million. The current definition of $1 million for a small business loan and $500,000 for a small farm loan is consistent with an emphasis of serving the smallest businesses and farms most in need of access to credit and capital. This current definition is also more consistent with the Community Reinvestment Act (CRA) definition of small business and farm loan. Thrifts are limited to making commercial loans to 20 percent of their total assets, and any amount over 10 percent can only be small business loans. If the OTS raises the limit of a small business loan to $2 million, thrifts may neglect the smallest businesses and make most of their loans in amounts between $1 to $2 million. Small businesses in minority and working class communities continue to experience significant difficulties accessing credit and capital. NCRC, therefore, believes that the OTS must emphasize that thrifts' primary
mission is to serve homeowners and neighborhoods that have been skipped over by commercial banks.

Community Development Investments: Currently, the OTS limits thrifts to investing the greater of one fourth of 1 percent of total capital or $100,000 in community development investments of the types permitted by the OCC for national banks under 12 CFR part 24. The OTS is proposing to raise this to the greater of 1 percent of total capital or $250,000. NCRC supports this proposal because it promises to significantly increase the community development investments undertaken by thrifts.

Commercial Paper and Corporate Debt Securities: NCRC applauds the OTS for tightening up the safety and soundness aspects of its regulation regarding thrift investments in securities. NCRC supports the proposal that the rating must cover the entirety of a purchased security; that is, if only the principal of the security is rated as investment grade, then the thrift can purchase only the principal. NCRC also agrees that before a thrift acquires any investment security, it must determine whether the investment is safe and sound and suitable for the thrift. NCRC asks the OTS to add a requirement that the thrift screen any loan purchases for abusive and predatory features. Predatory lending is unsafe and unsound for borrowers and investors. The OTS should advise thrifts that federal, state, and local anti-predatory lending laws are useful guidelines for assessing if loans are predatory.

NCRC appreciates the opportunity to comment on this important manner. If the OTS keeps thrifts focussed on small business lending, expands their ability to make community development investments, and steers thrifts away from investing in abusive loans, the OTS will be taking important steps to increase safe and sound credit and capital to traditionally underserved communities.

Sincerely,
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