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Sent: Thursday, November 01, 2001 11:26 AM
To: regs.comments@ots.treas.gov
Subject: 12 CFR Parts 559 and 560 [No. 2001-67] RIN 1550-AB37 Lending and Investment

This is in response to the following proposed rule:
12 CFR Parts 559 and 560
[No. 2001-67]
RIN 1550-AB37
Lending and Investment

As one who has committed a twenty year career to the lending and investment industry, there are several points that must be addressed regarding the subject.

1. The introduction paragraph notes "customers" of thrifts. Actually, the "customers" of credit unions are share-draft-holders that are supposed to be bound by a common bond. Because of this bond credit unions have long been afforded significant tax exemptions. If a common bond is no longer required than it seems natural to impose comparable corporate tax status to thrifts. Customers are typically referred to those who are "sold" from society at large on a businesses product or activity.

2. The second paragraph mentions that thrifts are being "squeezed" by secondary mortgage markets. With the advantage of a captive common bond environment, if thrifts can not compete with corporate-tax-paying mortgage service providers it seems overly permissive to improve the already obvious thrift advantages.

3. In terms of the "small business lending authority" of thrifts, if they are to be allowed these privileges then Community Reinvestment Act (1977) requirements and regulations should be applicable. A small business does not seem to meet with "common bond" philosophy. Also, CensusTract review should become a factor for thrifts as it is for other financial providers.

4. Paragraph six discusses more leniency with federal real estate loan-to-value restrictions. It is not plausible to lessen the requirements set for all other financial service providers and make special concession for the thrift industry. The OTS may well be served to review the events that led to the savings and loan industry collapse of the 80's. Much of the S&L problems were due to the added freedoms of that industry with regard to permissive loan practices.

Summary Comments: The thrift industry has long since exceeded the bounds of

• their original existence. Comparing bank interest rates for loans with
• those of thrifts; I can unequivocally report to the OTS that thrift
rates
are notably lower in nearly every instance. Aside from auto
manufacturer's
"bought down" rates created for sales activity promotion, thrift
interest
rates are characteristically lower than banks, etc.. This again is due to
the
tax benefits and the relaxed regulatory approach to thrifts mentioned
herein.

If thrifts would truly serve those in a "common bond" and not
"customers"
that are all-inclusive of most of the general public, then some of the
already existing provisions given to thrifts would be possibly
substantiated.

However, the subject Proposed Rule offers grossly over-permissive and
inequitable treatment for thrifts. The rule should be rejected.

If anything I state here is incorrect, please inform me. Otherwise, I
believe the precedence this Proposed Rule would create would lead the
thrifts
into a similar direction as the S&Ls were allowed to take in past years,
which proved to be devastating to the public interest.

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