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Sent: Tuesday, September 07, 2004 12:48 PM  
To: regs.comments@ots.treas.gov  
Cc: woodstock@woodstockinst.org  
Subject: Subject: Attn: No. 2004-28

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G St., NW  
Washington, D.C. 20552  
Attn: No. 2004-28

To Whom It May Concern:

The Community Reinvestment Act has had more positive impact on community revitalization than any other single federal program. I am writing from Community Investment Corporation (CIC) to protest the proposal to use updated Office of Management and Budget (OMB) definitions for metropolitan statistical areas, which in some cases include a new geographic unit for "metropolitan divisions," to define CRA assessment areas. CIC is a nonprofit multifamily rehab lender with a \$550 million loan pool from 47 banks and several other sources that has benefited greatly from community reinvestment regulation. We feel this proposal threatens to facilitate redlining in CRA assessment areas.

According to the proposal, banking regulators would adopt new OMB definitions of metropolitan statistical areas (MSAs) for CRA analysis and bank assessment area designation. The most concerning aspect of the OMB changes is the addition of a geographic unit for "metropolitan division." Twelve large MSAs that have some core region of at least 2.5 million people will now be subdivided into metropolitan divisions. These metropolitan divisions are defined as groups of one or more contiguous counties that contain an employment center or centers that are closely connected through commuting ties. Together the metropolitan divisions form the overall MSA. Bank regulators will use metropolitan divisions to calculate median family income levels for CRA analysis, and financial institutions will be allowed to designate one or more metropolitan division, up to an entire MSA, as their assessment area.

While OMB's goal in creating the metropolitan division may be "to recognize that in large MSAs, demographic and economic conditions vary wildly," we fear that allowing banks to define their assessment areas using metropolitan divisions may facilitate redlining and give financial institutions stronger rationale for excluding portions of an MSA that would previously have been included in an assessment area.

We feel this proposal sets up a condition where banks have increased rationale and regulatory backing for excluding less desirable parts of MSAs from their assessment areas and shifting business away from those communities. While we support more accurate targeting of low- and moderate-income communities, we do not support allowing financial institutions to use metropolitan divisions to designate assessment areas. We ask you to reconsider this proposal.

Sincerely,

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