

MEMORANDUM

**TO:** Public File

**FROM:** Richard Bennett, Counsel (Banking & Finance)

**DATE:** June 20, 2000 *Richard Bennett*

**RE:** Disclosure and Reporting of CRA-Related Agreements; Proposed Rule  
Docket No. 2000-44  
Summary of OTS meeting with members of the public

On June 20, 2000, the following persons met at OTS headquarters:

- Members of the public — Judith A. Kennedy, NAAHL; Elizabeth A. Hall, Citibank, N.A.; Dorothy Broadman, Cal Fed; Debbi Hurd Baptist, City First Bank of DC
- OTS — Ellen Seidman, Carolyn Buck, Richard Riese, Theresa Stark, Richard Bennett

The following is a summary of the discussions pertaining to the above-captioned proposed rule:

Ms. Hall

Expressed concern that the impact of the rule will be to institutionalize the lowest possible rate of investment by making the terms of individual deals public.

She indicated that how to treat affiliates was a complex problem for implementation.

Ms. Kennedy

Indicated she liked the simplified reporting procedures proposed but was concerned about the broad coverage of the proposal. She indicated that one large institution alone has several hundred or thousand covered agreements. She indicated that the bigger the bank, the heavier the burden would be. She requested that the final rule narrow the types of agreements that are covered.

She also expressed concern about parties having to divulge proprietary information. This requirement may give a competitive advantage to unregulated lenders and require institutions to divulge information about borrowers contrary to established privacy policies.

Ms. Broadman

Expressed concern about how a party to an agreement will be able to determine if it has had a CRA contact. She indicated some parties may assume that there is always a contact wherever there is an agreement.

She indicated that different banks may interpret the breadth of covered agreements differently. She urged the agencies to give more emphasis to the statutory language on a factor's material impact on a CRA rating.

Ms. Seidman

Distributed copies of a chart with examples illustrating the application of the proposal. These materials are available to the public on OTS's web site. She invited comments to assist the agency in devising alternative approaches in the final rule, including comments that address the statutory basis for alternatives that commenters may suggest.

She noted that under the statutory definition of "fulfillment," the term "material" appears to relate to factors that have an impact rather than a level of performance that has an impact.

Mr. Riese

Solicited comment on a particular example in the preamble on "fulfillment" relating to an agreement to establish branches in supermarkets.

Mr. Bennett

Noted that the preamble solicits comment on how to address circumstances in which a party does not know whether it or another party has had CRA contacts.