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NEW JERSEY COMMUNITY LOAN FUND

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July 20, 2000

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Information Management & Services Division
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

ATTENTION: Docket No. 2000-44
By Fax to (202) 906-7755
"Sunshine" Regulations

Dear Manager:

New Jersey Community Loan Fund is a private, nonprofit, statewide community development financial institution with a mission of increasing the flow of capital and access to capital to build long term economic self-sufficiency for low income New Jerseyans and economic strength for low income New Jersey communities.

As a member of the Community Advisory Council of the Federal Reserve Board of Governors, I have become aware of the serious effort by the Board's staff, reflected in the proposed "Sunshine" regulations for Section 711 of the Gramm-Leach-Bliley Act as published in the Friday, May 19, 2000 issue of the Federal Register (Vol. 65; No. 98), to attempt to minimize the burden on depository institutions and community-based organizations and to reduce the potentially damaging effects the law can have on low income communities by discouraging positive working relationships between depository institutions and community-based organizations. I am very concerned about both those issues and strongly urge the final regulations reflect even further efforts in those directions. Some specific suggestions are given below.

The rule should define the terms "contract," "arrangement" and "understanding." Presently, it is very possible for a "party" to a covered agreement not to realize that they are such a party, for example, because the covered agreement does not have to be legally binding, and so falls outside the usual understanding of a "contract." It is suggested that, at a minimum, a "party" must have affixed its signature to the written agreement. If the person/entity has not signed, he/it cannot be a "party."

More than a decade of excellence and commitment in community development finance.

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The exemption for "any specific contract or comment for a loan to extension of credit to individuals...if the funds are loaned are rates (that are) not substantially below market rates..." should be applied to commitments to make one or more loans, **including multiple loans**. A commitment to make certain small business loans in a particular marketplace, for example, is a single commitment subject to the exemption, in my opinion.

The exemption for a mortgage loan should **include any loan secured by real estate**, and not only a loan that is made for the purchase or improvement of the real estate or the financing of such a loan. Any loan secured by real estate involves a mortgage on the real estate and should be exempt.

"**CRA contact**" should be defined as narrowly as possible. If possible, "CRA contact" should be eliminated as a trigger for disclosure, replaced by a trigger based on a clearly defined standard of material impact. If that is not possible, "CRA contact" should be limited to those that involve providing CRA-related comments or testimony to an agency while an application is pending or a CRA exam is going on. Furthermore, there should be a specific time period, such as no more than one year, before or after the parties enter into an agreement. This suggestion is made primarily out of concern for smaller and grassroots community-based organizations, for whom awareness and education about the law will require major time, effort and (someone's) expense. For larger nonprofits, "casting the net widely" with a broad definition of "CRA contact" would probably be manageable, with uncertainties handled as though they were covered.

Reporting exemption **should** apply to any person who does not receive any funds under the covered agreement during the fiscal year.

The Rule's language about reporting for specific purposes appears to be reasonable. The **examples about the "brief description of the seminar" and "\$45,000 was used to purchase computer equipment" should be included in the Rule** so as to provide clarity about what is meant.

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The time period for filing the annual report with the depository institution should be extended to at least nine (9) months following the end of the fiscal or annual year, to be consistent with the filing deadlines (plus extension) usually used by nonprofits in filing annual reports with the IRS. The time period should be ten (10) months for filing with the regulatory agencies. I believe that many non-depository parties will file with the depository in order to be sure that it eventually gets to the correct regulatory agency, as known best by the depository institution, and so the time limit should be sensitive to them.

The specific versions of Form 990 and other forms that will be acceptable should be listed in the Rule.

I continue to be deeply concerned about the unnecessary burden of this law and its potentially quelling effects on positive investments by depository institutions and affiliates into low income communities with the necessary involvement of community-based organizations. I strongly urge you to seek ways to eliminate these negative effects, until the law can be amended or repealed.

Sincerely,



Anne S. Li

New Jersey Community Loan Fund

cc: Board of Trustees