July 20, 2000

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Manager, Dissemination Branch
Information Management & Services Division
Office of Thrift Supervision, Attention Docket No. 2000-44
1700 G Street, NW
Washington, DC 20552

Re: Proposed Rule Implementing the CRA Sunshine Requirements of GLBA

This letter is intended to provide legitimate comments with regard to the proposed regulation implementing the CRA Sunshine Requirements of the Gramm-Leach-Bliley-Act (GLBA).

Carolina First Corporation, renamed the South Financial Group in 2000, is a financial services holding company headquartered in Greenville, South Carolina. Upon completion of a recent Anchor Bank merger, Carolina First has total assets of $4.9 billion with 106 branch locations in South Carolina, Florida and North Carolina. Of the 106 branches, 15-20% are located in low-to-moderate income census tracts. It operates four subsidiary banks; Carolina First Bank (SC and NC), Citrus Bank (FL), and Carolina First Bank F.S.B., which offers Bank CaroLine (an Internet Bank). Carolina First is the largest South Carolina-based commercial bank. Another subsidiary is the Carolina First Mortgage Company (the second largest mortgage loan servicer in South Carolina). Recent mergers have positioned us with a strong presence in some of the fastest growing and most attractive financial services markets throughout the Southeast.

Carolina First was examined in August 1999 by both the FDIC and OTS. As a result of the exam, we received an institutional rating of ***Satisfactory***. Based on the exam findings, areas cited for performance deficiencies were lending and investment activities. With that said, there are potential factors to consider with regard to the level of impact that the provisions of the rule will have on our ability to significantly enhance our performance under the CRA.

a.) First and foremost, the regulatory agencies are to be commended on their efforts to collectively bring forth provisions that facilitate the availability of CRA-related efforts as public knowledge. However, based on the size of our institution, additional disclosure and reporting requirements would be somewhat cumbersome for a staff of our size to monitor. Currently two individuals handle our CRA efforts: a CRA/Fair Lending Officer and a CRA/HMDA Data Analyst. We are in full support of the existing reporting requirements consistent with CRA exam regulations under the lending, investment and service tests. However, we oppose the additional reporting requirements set forth by the provisions of this proposed rule. The provisions would actually require us to double our reporting efforts for a majority of the specified "agreements". It would appear to be more feasible if financial institutions were allowed to report in a manner consistent with the normal reporting requirements so stipulated under the 3 tests.

b.) Additionally, under the "disclosure of covered agreements", the provisions require that each party under the covered agreement fully disclose and make the agreement available to the public upon request. We support the agency's position to allow insured depository institutions to place a copy of the agreement in our CRA public file and make available in accordance to the procedures set forth in the CRA regulations relative to the public file. However, in an effort to reduce the regulatory burden placed on non-governmental entities, we oppose the provision that requires such entities to report on an annual basis the amount of funds received, purpose of funds and the detailed usage of those funds to a regulating entity. What would the consequences be if the non-governmental agency did not comply with the reporting requirement? Would this burden then be placed upon the financial institution who was party to the "agreement"? There could conceivably be some reluctance by certain groups to initiate action leading to a CRA-related agreement for fear of the cumbersome regulatory requirements linked to such efforts. Likewise, there may even be some reluctance on the part of financial institutions to enter into agreements with certain entities based on their capacity to comply. In our opinion, this contradicts all founding principles that the CRA was founded on.

c.) The proposed rule's list of factors that are considered to be in "fulfillment of the CRA" should be expanded and inclusive of more focused types of lending and activities that are critical performance indicators under CRA regulations. Many of these performance indicators are key determinants of the institution's Exam outcomes. Examples include the following: 1) lending penetration in LMI geographies and to LMI borrowers and 2) lending to target customer segments (i.e. minority borrowers); particularly with regard to HMDA. Additionally, the list of factors should also reference the provision of advisory or consultative services relative to CRA-related activities. Given the capacity of the community development and community-based industry in certain Carolina First markets; particularly South Carolina, the need for technical assistance and capacity building efforts by bank personnel is critical to the continuance of direct and supportive services that sustain community economic development in many of those communities. Agreements entered into based on aspects of these factors are often far more reaching than pure monetary investments.

In conclusion, Carolina First supports certain aspects of the rule with regard to public disclosure for certain "agreements". Our concern rests with the manner that is required for reporting. Clearly, the CRA passage has substantially impacted financial institution's focus and ability to better ascertain and meet the credit needs of the communities we serve. In short, the impact of our partnership efforts has been both systemic and visible in the community and proven profitability for banks.

If I can answer any questions, please feel free to contact me at (803) 251-1818.

Sincerely,

Marilyn Drayton

Marilyn Drayton
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