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Ithaca
Neighborhood Housing
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Manager
Dessemination Branch
Information Management and Services Division
Office of Thrift Supervision
1700 G St. NW
Washington, DC 20552

Attention: Docket No. 2000-44

Dear Sir or Madame:

I am writing to urge you to make significant changes in the proposed "sunshine" regulations related to the Financial Services Modernization Act of 1999. These proposed regulations undermine the essence of the Community Reinvestment Act and represent a mean-spirited approach to undoing more than 20 years of successful bank/non-profit partnerships.

As the Executive Director of a non-profit housing organization, I have the following objections to the proposed regulations:

- The threshold for what constitutes a CRA agreement is overly broad. Under the proposed rule, many types of business agreements between banks and non-profits, regardless of their relationship to CRA, must be reported. Many banks work closely with non-profits to provide capital for a host of different purposes, just like they do for private sector enterprises. These are often business transactions, not CRA agreements.

  In addition, not all grants are CRA related. Ithaca Neighborhood Housing Services currently receives grants from seven different banks, yet non of them were negotiated as part of a CRA exam. Rather, these banks contribute to our work because they see the value to the community and the contributions that we make toward strengthening their business.

  The Gramm-Leach-Bliley Act specifies that the disclosure requirements should apply only to agreements that "materially impact" CRA agreements. The proposed regulations seem to go much further than what was intended.

- The requirement to disclose "contacts" in which CRA-related discussions are held is overly broad and extremely vague. Since virtually any such "contact" must be disclosed, the effect will be to limit communication between banks and non-profits, which in turn will reduce business agreements and ultimately result in fewer financial resources for low income communities.

- I am also concerned that the above-mentioned requirement will be enforced selectively. The proposed rule makes arbitrary exceptions concerning what counts as a CRA contact. The confusion surrounding this issue will compound the chilling effect of the disclosure rules on healthy communication. I feel strongly that these exceptions really have the effect of aiming the reporting requirements primarily toward non-profit agencies.

- The supposedly simple disclosure procedures are in fact cumbersome and difficult to comply with. If reporting requirements are left to different regulators to determine, the effect will be inconsistent and arbitrary requirements. The regulations should specify exactly what tax or other forms provide for acceptable reporting. I suggest that IRS Form 990 be designated as the acceptable form to report all disclosure under this act.

- The penalities for non-compliance are unreasonable. Community groups may be brought to court to rule on non-compliance, but there appear to be no penalites for non-compliance by banks.

In summary, while the requirements of this act are oblviously troubling and meddlesome, it is impossible to write regulations that completely avoid the burden of compliance. However, I urge you to reduce the burden as much as possible, thereby preserving the spirit of CRA and the enormous impacts of partnerships between banks and non-profits.

Very Truly Yours,

Paul Mazzarella
Executive Director