



**Neighborhood
Housing
Services**
of St. Louis, Inc.

July 21, 2000

Manager
Dissemination Branch, Information Management
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552

Re: Docket No. 2000-44

Sir/Madame:

I am writing to comment on the "Sunshine Provision" of the Gramm-Leach-Bliley Act.

As Executive Director of Neighborhood Housing Services of St. Louis, Inc., I urge you to make significant changes in the proposed regulations.

*Strengthening
neighborhoods,
improving
and preserving
housing through
partnerships
with residents,
businesses, and
government.*

First, I believe that this sunshine statute is designed to greatly cripple the Community Reinvestment Act. This is the most unfortunate occurrence during my twenty years of community development work, both in the for-profit and non-profit world. To cite a study by the Brookings Institution on Urban and Metropolitan Policy, there is evidence that suggests "that twenty years after passage of the CRA, and with the impetus of the regulatory reforms of the 1990s, the CRA is finding a niche in the financial marketplace." The onerous reporting requirements, to both the lending institutions and non-profits alike, of the sunshine provision will negate the hard work and years of true collaboration and partnerships between private sector financial institutions and community development groups such as NHS of St. Louis.

This provision has the intent on stopping, what is perceived as, extortion by a handful of organizations across the country. In effect, it damages all of us that are working diligently to create healthy neighborhoods and families. The majority of the non-profit community development organizations are highly respected in our communities, particularly among the lending institutions, for the work we do and the manner in which we do it.

You and the other regulators have a very difficult job in issuing regulations based on this legislation. I offer these comments in the hope that changes will be made to the regulations that allows CRA to continue as a strong mechanism to revitalize neighborhoods in a manner that makes business sense for private banking institutions and non-profits alike.

Two key points need to be made that make the provision onerous to both community development organizations and the banks. One is the

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uncertainty of the definition of what a CRA contact actually is. The other is the relatively unclear reporting requirement.

Neighborhood Housing Services of St. Louis strongly suggests that a CRA-related agreement be required to be substantially disclosed only if is made with the explicit intent to materially impact an institutions CRA rating or is made during the course of a merger or acquisition with a "quid pro quo" arrangement. This clearly intended type of agreement could be subject to complete disclosure including purpose of the agreement and the manner in which the funds were spent.

Other agreements, which do not materially affect an institution's CRA rating, and are not made with that intent or during a merger process as discussed above, should only be subject to reporting at a minimal level. That is, to acknowledge that the agreement exists....period.

Last but not least, I would ask that any reporting requirements be made only annually, to all regulators simultaneously and either on a calendar or fiscal year basis. This would allow us to establish a system that would be efficient and the least burdensome as possible.

We can live with these reporting requirements even though they will increase the costs to both financial institutions and non-profits alike. Non-profits perform this type of work because the for-profit world cannot. This additional burden will only increase the costs to the non-profits, hindering our efficiency in during work.

In closing, I would like to reiterate that the sunshine provision will be a major setback to the progress that has been made in the community development profession working to foster both community revitalization and affordable housing agendas.

Thank you for this opportunity or provide input. I hope you will consider making these changes in order to limit the burden that will be imposed.

Sincerely,



Kate Reese
Executive Director