

From: Hurwitz, Evelyn S on behalf of Public Info
Sent: Wednesday, July 19, 2000 11:47 AM
To: Gottlieb, Mary H
Subject: FW: Docket No. 2000-44

-----Original Message-----

From: Andy Reid [mailto:areid@slihc.org]
Sent: Tuesday, July 18, 2000 6:38 PM
To: public.info@ots.treas.gov
Subject: Docket No. 2000-44

July 18, 2000

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

Attention: Docket No. 2000-44

Gentlepersons:

The Spokane Low Income Housing Consortium (SLIHC) is submitting these comments in response to the joint notice of proposed rulemaking on the Disclosure and Reporting of CRA-Related Agreements as published in the Federal Register on May 19, 2000.

SLIHC is a federation of non-profit, low-income housing developers and providers working in Spokane County, Washington. Our member agencies are engaged in a wide variety of low-income housing activities including the provision of emergency shelter for homeless families, safe sheltering for victims of domestic violence, transitional housing for households moving toward more stable lives, permanent rental housing, and homeownership opportunities. In their capacity as real estate developers, our member agencies have established business relationships with many insured depository institutions and are quite familiar with the Community Reinvestment Act (CRA). Their continued effectiveness will be placed in jeopardy if the these proposed regulations are adopted.

I can well appreciate that staff from the four banking agencies had a difficult time drafting these regulations as the law is, at best, poorly written. Nonetheless, I recommend that you consider modifications to the proposal. As currently composed, the regulation could very well dismantle the relationships our member agencies have worked so hard to establish with insured lenders.

The Gramm-Leach-Bliley Act requires banks, community organizations such as SLIHC, and other parties to disclose private contracts to federal agencies if the parties have engaged in "CRA contacts" or conversations about how to increase the availability of bank services in low- and moderate-income neighborhoods and communities. As the Executive Director of a private corporation, I am offended by this demand. The consequence of this requirement will be a declining number of loans and other investments for low-income housing and other economic development activities in targeted neighborhoods.

Because this "CRA contact" portion of the regulation will likely be so devastating to the work of SLIHC and its members, I ask that the federal banking agencies withhold implementation of this portion of the rule and seek an opinion from the Department of Justice regarding its constitutionality. In the absence of a decision to seek such an opinion, I suggest that the Federal Reserve Board use its discretionary authority to eliminate all "CRA contacts" as a trigger for disclosure.

In place of using "CRA contacts" to activate the disclosure requirement, I suggest that the banking agencies revise their material impact standard. SLIHC believes that a CRA agreement or contract should not be required to be disclosed unless it requires a bank to make a greater number of loans, investments, and/or services in more than one of its markets. The agencies have proposed that agreements are subject to disclosure if they specify any level of CRA-related loans, investments, and services. However, only a greater number of loans and investments in more than one market is likely to have any material impact on an institution's CRA rating or affect a decision on a merger application.

With regard to the procedures of general operating grants, SLIHC asks the agencies to specify in the final regulation that Internal Revenue Service Form 990 (or one of its variants) will satisfy disclosure requirements. In their preamble to the draft regulation, the federal agencies state that Form 990 provides more than enough detail for satisfying disclosure requirements. Codifying the use of Form 990 would simplify reporting requirements and reduce burdens for nonprofit organizations.

When reconsidering these Disclosure and Reporting regulations, I encourage the agencies to consider the purpose of and the positive results which have been achieved by the Community Reinvestment Act and to adopt an approach to the final regulation which will as much as possible enhance investment in low-income housing and economic development in poor and disadvantaged neighborhoods.

Sincerely,

Andrew D. Reid
Executive Director

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