



Fair Housing Center of Lake County

Promoting Equal Housing Opportunities for Everyone

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July 17, 2000

I am writing from the Fair Housing Center of Lake County. I urge you to make significant changes in the proposed Community Reinvestment Act "sunshine" regulations. These regulations threaten investment in lower-income areas and seek to punish organizations for discussing the credit needs of our communities. We understand that financial institutions have already used the sunshine provisions as an excuse not to enter into CRA agreements. CRA is crucial to the economic regeneration of lower-income communities and the new regulations must not be allowed to hinder CRA's impact. We would, therefore like to recommend that the following changes be implemented immediately:

CRA Contacts

The regulation must cover all CRA discussions and not provide exemptions for bank or regular initiated contacts. To narrow the definition of CRA contact in any other way could create the perception that the federal government is favoring certain types of CRA discussions by exempting them from the reporting requirements.

Groups covered by the sunshine provision should not be subject to time-unlimited reporting requirements. Only CRA contacts that occur in the six months before the CRA agreement should trigger reporting of that agreement. To cover the situations where a CRA contact is made after a CRA agreement, particularly during CRA examinations and applications for merger or acquisition, contacts that occur up to three months after an agreement is reached should also be counted as CRA contacts.

Reporting Requirements

To minimize the reporting burden on community organization, the reporting requirements should be satisfied by existing reports. Whenever possible, a nonprofit's IRS 990 form should allow sufficient reporting of expenditures under an agreement. This form contains more than enough information to examine major categories of expenditures. A consolidated report should be allowed where an organization has two or more agreements.

We appreciate that the federal banking agencies have a difficult task of developing regulations for a confusing statute. We respect the steps that have already been taken to reduce the burden for neighborhood organizations, banks and other parties that are committed to community development. We urge the federal agencies to adopt our suggestions for streamlining the sunshine regulations and thereby reduce the potential damage they may cause to revitalizing inner city and rural communities.

Sincerely,

Patricia Konicki
Director

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