FREMONT PUBLIC ASSOCIATION

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Serving the people of Seattle and King County

For the Homeless:
Bethlehem House
Broadview Emergency Shelter & Transitional Housing
Family Shelter Program
Housing Counseling
Housing Stability Program
Solid Ground

For the Hungry:
Food Security for Children
Food Resources
Food Bank
Lettuce Link

For the Elderly & Persons with Disabilities:
AIDS Care
Caregiver Training
Fremont Home Care
Neighbor to Neighbor
Partners in Caring
Personal Emergency Response System
Seattle Personal Transit
Respite Care

For the Working Poor and the Unemployed:
Community Voice Mail
Family Assistance Program
Worker Center

For the Community:
AmeriCorps/JustServe
Fair Budget
FamilyWorks
Fremont Fair
Long Term Care Ombudsman
Low Income Housing Institute
Martin Luther King VISTA Volunteers
Minor Home Repair
Retired & Senior Volunteer Program

June 20, 2000

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

Attention: Docket No. 2000-44

To the Manager:

As an affordable housing counseling program manager with the Fremont Public Association (FPA), I urge you to make significant changes in the proposed "sunshine" regulations. I believe that the sunshine statute strikes at the heart of the Community Reinvestment Act (CRA). CRA stimulates collaboration for the purpose of revitalizing inner city and rural communities. The sunshine statute, by making CRA-related speech suspect, threatens to reverse more than twenty years of bank-community partnerships and progress.

The sunshine statute requires banks, community organizations, and a large number of other parties to disclose private contracts to federal agencies if the parties engage in so-called CRA "contacts" or discussions about how to help the bank make more loans and investments in low- and moderate-income communities. As an affordable housing counselor with a non-profit agency, I am already accountable for auditing and reporting requirements that take time away from clients. Adding additional reporting requirements will create still more barriers to quality customer services. Many private sector organizations will simply do less CRA-related business since they will not want to deal with the disclosure requirements. The result will be fewer loans and investments reaching the communities I work in. My job of revitalizing communities will become much harder.

I ask that the federal banking agencies refrain from implementing the CRA contact rules until they have sought an opinion from the Department of Justice's Office of Legal Counsel regarding its constitutionality. In addition, the Federal Reserve Board has the discretionary authority to exempt agreements or contracts from disclosure based on CRA contacts. We ask the Federal Reserve to eliminate all CRA contacts as a trigger for disclosure.

Material Impact
The Fremont Public Association 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 services in more than one of its markets. The federal banking agencies have proposed that agreements are subject to disclosure if they specify any level of CRA-related loans, investments, and services. But only a higher number of loans and investments in more than one market is likely to have a material impact on a CRA rating or a decision on a merger application.

Each year, our housing counseling programs receive approximately $15,000 in grants from local banks. If the material impact standard is not changed, my burden for reporting on the receipt and use of these funds will increase substantially. To make the sunshine regulation more reasonable, we suggest that it should focus on agreements made during the public comment period on a merger application or during the time period when a CRA exam is announced and when the exam occurs.

Means of Disclosure
Under the procedures of general operating grants, the FPA asks the Federal agencies to specify in the final regulation that the use of IRS Form 990 is an acceptable means of disclosure. In their preamble to the draft regulation, the federal agencies state that the 990 form provides more than enough detail for satisfying disclosure requirements. Codifying the use of 990 forms would simplify reporting requirements and reduce burdens for nonprofit organizations that are very familiar with the 990.

The public record from the Congressional deliberations over the Gramm-Leach-Bliley Act support the use of the IRS 990 form. The Manager's report accompanying the legislation states that a Federal income tax return is an acceptable means of disclosure. In addition, Representatives Jim Leach (R-IA) and John LaFalce (D-NY) engaged in a colloquy on the eve of the House vote on Gramm-Leach-Bliley in which they emphasized the use of Federal income tax returns as satisfying the disclosure requirements.

The Fremont Public Association also supports the proposed reporting procedures for specific grants. If a nonprofit organization received grants or loans for a specific purpose such as purchasing computers or providing financial literacy counseling, the nonprofit organization should be able to comply with the disclosure requirement by describing the specific activity in a few sentences.

Who Must Report

The FPA agrees with the Federal agencies that non-governmental parties should not be required to submit annual reports during the years in which they did not receive grants or loans under the agreement. While other organizations may have received grants and loans under the agreement, it would be logistically impractical for the negotiating party to report on how the grants and loans were used by the other parties. In many cases, large banks may be making relatively small grants to hundreds of community groups over a multi-state area. It is also unreasonable for the non-negotiating parties to be required to report since they may not even be aware that they received grants or loans because of a CRA agreement.

In Conclusion

While it may be impossible for the so-called sunshine provision to be a non-meddlesome regulation, we believe that our suggestions reduce burden and the damage it causes to revitalizing inner city and rural communities. We urge the federal banking agencies to adopt our suggestions for streamlining the sunshine regulation. We must also add that we will be working with community organizations, local public agencies, banks, and other concerned parties to repeal this counter-productive statute so that the private sector will not be burdened with disclosure requirements simply because they want to do business in and help revitalize traditionally underserved neighborhoods.

Sincerely,

Gretchen Bruce
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