

137

July 21, 2000

Manager, Dissemination Branch
Information Management & Services Division
Office of Thrift Supervision
1700 G Street NW
Washington DC 20552
Attention: Docket No. 2000-44
Fax (202) 906-7755
public.info@ots.treas.gov

Dear OTS:

The Center for Community Self-Help (Self-Help) appreciates the opportunity to comment on the proposed "Community Reinvestment Act Sunshine" regulations of Section 711 of the Gramm-Leach-Bliley Act (GLBA) as published in the Friday, May 19th issue of the Federal Register (Vol. 65; No. 98).

Self-Help is a community development financial institution that creates ownership opportunities for low-wealth families through home and small business ownership. It has provided \$700 million in financing to help almost 11,000 low-wealth borrowers buy homes, build businesses and strengthen community resources. Self-Help provides direct home and commercial loans and is a partner with Fannie Mae and the Ford Foundation in a national secondary market program for non-conforming home loans for low-income and minority first-time homebuyers. Self-Help's assets are \$550 million and our losses have been well under 0.5% each year.

Self-Help believes the privacy provisions of the GLBA should be implemented in a way that meets the letter and intent of the law without requiring overly burdensome reporting, chilling public input on lender activity, or discouraging activities that merit CRA lending and investment test credit. Self-Help would particularly like to comment on the definition of what constitutes a CRA contact with an Insured Depository Institution or Affiliate, as discussed on Federal Register page 31967.

First, the agencies "*request comment on whether the rule can and should be limited to cover only contacts that involve providing CRA-related comments or testimony to an agency or discussions with an insured depository institution or affiliate about providing (or refraining from providing) such comments or testimony to an agency.*" Self-Help believes that the rule should be limited in this way, which would bring to light any quid pro quo arrangement between a lender and a potential CRA commentator. Defining a CRA contact more broadly could unnecessarily require burdensome reporting of all lending partnerships that may, by virtue of providing the lender with effective tools to meet the credit needs of the community, earn a lender CRA credit, but in no way relate to CRA exam comments. Such a reporting burden could reduce the willingness of banks to participate in partnerships that earn CRA credit since they might be unwilling to make sensitive bank documents public.

Second, the agencies ask if a CRA contact *“includes a general discussion about the CRA that does not involve any discussion of the performance of an insured depository institution under the CRA or obligation of the institution to serve the banking needs of its community.”* The agencies do not need to reach this difficult question if they adopt our recommendation in the previous paragraph. If this question is reached, we suggest that a discussion of CRA that may point out to a lender that they could earn CRA credit for a particular activity without discussing their performance or specific obligation in no way amounts to coercion or extortion. Indeed, such conversations underscore the value of CRA: organizations discuss with lenders options that could meet community credit needs and therefore earn CRA credit, lenders select which, if any, best works for them and the community benefits by whatever method the lender chooses to meet its CRA obligations. Requiring reporting of such communications would reduce options for lenders because fewer conversations even tangentially related to CRA would occur.

Self-Help appreciates the difficulty the agencies face in implementing these provisions. Self-Help urges the agencies to make the best of the situation by interpreting the statute in a way that does not discourages CRA activity by requiring reporting on communications and agreements that have no coercive element, as the provision’s author has stated as its intent.

Thank you for your consideration of Self-Help’s comments on this matter.

Sincerely,

Martin Eakes
CEO, Center for Community Self-Help
919 956-4600
301 W. Main Street
Durham NC 27701