

December 15, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552
Email: regs.comments@ots.treas.gov

Attention: No. 2006-44

To Whom It May Concern:

The **City of Oakland** strongly urges you to support the proposed changes to your Community Reinvestment Act (CRA) exams. These changes will result in increased lending, investments and financial services for low- and moderate-income communities.

The City of Oakland, CA is a diverse city with a population of more than 400,000. Many of our residents are lower and low-moderate income with banking needs and concerns about the service the banks provide. It is important that thrifts be held to the same CRA standards as banks, it is imperative that the OTS changes its CRA exams and regulation to match those of the federal banking agencies. In addition, the OTS should implement its proposal to penalize thrifts for illegal and discriminatory lending activities

Our organization strongly supports the federal regulatory agencies' efforts to align their CRA exams. Similar CRA exams would allow the public to effectively compare the CRA performance of both banks and thrifts. Currently, the Office of Thrift Supervision (OTS) has a very different set of CRA exams for their regulated thrifts in comparison to the other regulators' bank CRA exams. The weaker CRA standards for thrifts make it difficult to hold thrifts accountable for responding to community needs.

Mid-size thrifts with assets between \$250 million to \$1 billion in assets currently only have a lending test. In contrast, mid-size banks have CRA exams that consist of a lending test and a community development test. The community development test rates a mid-size bank on the number of investments, bank services, and loans for affordable housing and economic development in low- and moderate-income communities. If mid-size thrifts were held to the same standards as mid-size banks, there would be more bank financing and services in low- and moderate- income communities.

Large thrifts with assets greater than \$1 billion have lower CRA requirements than large banks. Large thrifts must undergo a lending test, but they can choose not to have an investment test and a service test. Large thrifts can also choose to have their investment and service test count for only a minimal amount towards their CRA rating. In contrast, large banks always have a CRA exam in which the lending test counts for 50% of the rating, the investment test counts for 25%, and the service test counts for 25% of the rating. The large bank test has worked well for increasing bank lending, investing, and services in low- and moderate-income communities.

27 thrifts are headquartered in California. 13 of these thrifts have assets over \$1 billion. California has the largest number of "large" thrifts compared to any other state. These large thrifts are comprised of 1502 branches. California's low- and moderate- income communities need the leverage of a complete CRA exam so that their local thrifts are encouraged to provide the full range of financial services and credit.

CRA exams should have the same standards for banks as for thrifts. Consistent and standard exams assist both the regulatory agencies and the general public in holding banks and thrifts accountable for serving the needs of communities. The OTS should enact its proposal to align their CRA exams with those of the other agencies. By establishing consistent standards for thrifts, communities and regulators can comparatively assess thrifts against the performance of banks.

Finally, the OTS should implement an anti-predatory lending screen to its CRA regulation. Savings and loans must be penalized severely through lower ratings on CRA exams if they engage in illegal, discriminatory, and abusive lending practices.

Thank you for your consideration of this important matter. If you have any questions, please contact me at 510/238-7293.

Sincerely,

Jackie Campbell, Manager
Homeownership Programs

cc: California Reinvestment Coalition

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