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Sent: Wednesday, March 31, 2004 1:53 PM
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Subject: Proposed changes to CRA regulations

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Dear officials of Federal Bank and Thrift Agencies:

The following are comments concerning the proposed changes to the Community Reinvestment Act (CRA) regulations:

- **Streamlined and cursory exams:** Adding banks between 250 million and 500 million dollars to this category is a step backwards. While individually these banks may not seem to be significant, when compared to mega banks, the cumulative dollars represented by the banks, which would be exempted, is significant, estimated to be over 380 billion dollars. Many of the exempted banks will be in smaller rural communities where there may be little or no competition from larger banks, thus the pressure that current CRA regulations place on banks to affirmatively lend would almost completely be removed.
- **Predatory Lending Standard:** Predatory lending is a significant and growing problem. Any proposed regulation must strengthen the ability to control the practice. The proposed standard states that loans based on the foreclosure value of the collateral, instead of the ability to repay, can result in downgrades in CRA ratings. This new standard falls short of what is needed because it will not cover many instances of predatory lending. The regulation should seek to prevent lenders from taking wealth from borrowers through excessive fees or unnecessary products even though they can afford the monthly payment.
- **Enhanced data disclosure:** This proposal is useful and should be included.
- **Missed Opportunity to Update Exam Procedures:** Regulations should require banks to include affiliates in their CRA exam. By requiring inclusion of affiliates, the agencies can be assured that the intent of CRA is extended to all operations of the bank.

I urge you to modify the proposed regulations to take in the above comments.

Thank you for your attention.

David E. Brightbill
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