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April 1, 2004

Docket No. 04-06
Communications Division
Public Information Room, Mailstop 1-5
Office of the Comptroller of the Currency
250 E St. SW,
Washington 20219



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Docket No. R-1181
Jennifer J. Johnson
Secretary

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St NW
Washington DC 20429

Regulation Comments, Attention: No. 2004-04
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington DC 20552

Dear Officials of Federal Bank and Thrift Agencies:

I am writing to urge you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations.

The proposed changes will reverse the strides in increased access to homeownership, boosting economic development, and expanding small businesses in Delaware.

My comments are limited to the following three major elements in the proposal:

- 1) Provide streamlined and cursory exams for banks with assets between \$250 million and \$500 million;
- 2) Establish a weak predatory lending compliance standard under CRA; and

Arthur W. Boswell
Executive Director

3) Expand data collection and reporting for small business and home lending.

I will also address missed opportunity to enhance the Community Reinvestment Act.

Streamlined and Cursory Exams

Under the current CRA regulations, large banks with assets of at least \$250 million are rated by performance evaluations that scrutinize their level of lending, investing, and services to low- and moderate-income communities. The proposed changes will eliminate the investment and service parts of the CRA exam for banks and thrifts with assets between \$250 and \$500 million. That is nearly 1,111 banks which account for more than \$387 billion in assets. The elimination of the investment and service tests for more than 1,100 banks translates into considerably less access to banking services and capital for underserved communities. For example, there will be little incentive to invest in Low Income Housing Tax Credits, Individual Development Accounts (IDAs), etc.

Predatory Lending Standard

Advocates of stronger consumer protection against predatory lending are concerned with the asset-based lending practices in the subprime markets. These advocates support the "ability-to-pay" standard in lending in the subprime markets. CRA exams that shielding banks from the consequences of abusive lending, frustrates CRA's statutory requirement that banks serve low- and moderate-income communities consistent with safety and soundness.

Enhanced data disclosure

We support the federal agencies proposals for enhanced data disclosure.

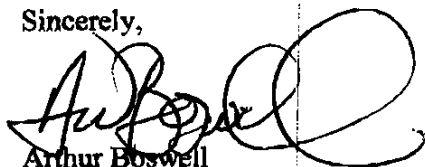
Missed Opportunity to Update Exam Procedures

Banks are still allowed to pick and choose the affiliates they want considered in the CRA exam. Thus, a bank can still get an "Outstanding" CRA rating even though its subprime affiliate is engaged in egregious predatory practices.

The proposed changes to CRA will directly undercut the Administration's emphasis on minority homeownership and immigrant access to jobs and banking services. The proposals regarding streamlined exams and the anti-predatory lending standard threaten CRA's statutory purpose of the safe and sound provision of credit and deposit services. The proposed data enhancements would

become much more meaningful if the agencies update procedures regarding assessment areas, affiliates, and the treatment of high cost loans and purchases on CRA exams. CRA is simply a law that makes capitalism work for all Americans. CRA is too vital to be gutted by harmful regulatory changes and neglect. Thank you for your attention to this critical matter.

Sincerely,



Arthur Boswell
Executive Director

CC:

Delaware Community Reinvestment Action Council, Inc.
President George W. Bush
Treasury Secretary John W. Snow