

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

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April 2, 2004

To Whom It May Concern:

As a resident of rural Wisconsin I would like to urge you to amend your proposed Community Reinvestment Act (CRA) regulation before finalizing it. There are two points in your proposed regulation that I would particularly draw your attention to and urge you to change.

1. The emphasis on "asset-based lending" in your predatory lending standard that you propose to use with the Community Reinvestment Act to discourage predatory lending.
2. The change in definition of a "small bank" for CRA purposes, which would raise the threshold from \$250 million in assets to \$500 million in assets.

We are all opposed to shady lenders who do "asset-based lending" and don't take into account a borrower's ability to repay and try to force borrowers into foreclosure. However, there are a number of asset stripping practices that legitimate lenders should also avoid. We urge you to use the CRA exams to discourage lenders from participating in high cost loans with high fees, frequent flipping of high cost loans, large prepayment penalties on high cost loans, high cost loans with single premium credit insurance policies folded into the cost of the loan, and high cost loans with negative amortization.

As residents of rural communities we are acutely aware of the importance that smaller banks play in the overall health of our communities. We also believe that it is important for the regulators to encourage the larger of the small banks to support community development lending and investments, such as support for down-payment assistance programs, homebuyers counseling programs, and small business and small farm support. The large bank CRA exam does a better job of encouraging this type of reinvestment in the community than the small bank exam does and we ask you not to raise the asset threshold definition of a small bank.

In the counties around where I live, the State Bank of Lacrosse is one bank that would be affected by this new rule since it has assets of less than \$500 million. While some of the largest banks in the nation like Wells Fargo and U.S. Bank have offices nearby, I believe that it is important for the larger small banks, which have more reason to pay attention to rural communities, to continue to be examined under the CRA large bank exam.

Thank you very much for paying attention to my concerns.

Sincerely,

