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October 15, 2001

**Regulation Comments**  
**Chief Counsel's Office**  
**Office of Thrift Supervision**  
**1700 G Street, NW**  
**Washington, D.C. 20552**

**To Whom It May Concern:**

Allentown Neighborhood Housing Services, Inc. (NHS) believes the Community Reinvestment Act has been helpful in assisting us to work with local financial institutions to increase homeownership opportunities and revitalize communities for low-and moderate-income households. While the "Advance Notice of Proposed Rulemaking" creates some anxiety, it is the hope of our organization that those involved will take the time and make some needed improvements in the regulations in order to strengthen the law.

Along with my colleagues in the Lehigh Valley, we have developed an impressive range of community development products. We have worked hard to eliminate the mortgage approval differential among whites and racial and ethnic minorities while expanding the number of minority households applying for mortgages. Simply stated, CRA has been an important tool for community development in the low-to moderate-income communities in the Lehigh Valley.

Our organization is deeply concerned that the changes in the financial services industry resulting from passage of the Gramm-Leach-Bliley legislation in 1999 have weakened the effectiveness of CRA. We have witnessed sub-prime affiliates engaging in predatory lending activities and insurance companies selecting customers without making affirmative efforts in low-moderate income census tracts. We believe security companies are weakening CRA regulated banks by appealing to customers to use their banking services.

To address these concerns, we offer the following suggestions:

- The regulatory agencies should mandate that all lending and banking activities of non-depository affiliates be included on CRA compliance exams;

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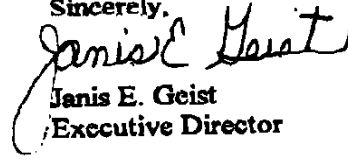
- Regulations should apply in all geographic areas in which the bank does business, not just where the bank has branches and deposit-taking ATMs;
- CRA exams should cover the entire bank's market, not just selected areas;
- Sub-prime operations of banks and their affiliates need to be scrutinized more carefully, including penalizing banks for making sub-prime loans to borrowers who qualify for prime loans;
- Banks should be prohibited from providing safe havens for payday lenders;
- The regulatory agencies should enforce CRA agreements between banks and their communities;
- Charitable contributions to non-profits for community development and home ownership counseling should be given far more weight under the investment test than they currently receive, as they are critical to community capacity-building and enable banks to make loans;
- Bulk purchase of loans should qualify under the investment test but should not count as much as loan origination under the lending test;
- Information on interest rates and fees should be included on reports under the Home Mortgage Disclosure Act;
- Small business lending data collection requirements should include information on race and census tracts;
- The regulatory agencies should find ways to encourage better branch-type services in low-moderate income census tracts;
- Banks should be required to submit plans on how they are going to improve their CRA ratings when they receive "needs to improve" or "low satisfactory" ratings and these plans should be subject to a public comment period;
- When a bank acquires a bank with a "needs to improve" or "low satisfactory" rating, it should be required to submit a plan to the agencies for improvement and subject the plan to a public comment period.

Allentown NHS believes that these improvements will assist in strengthening communities, while improving the profitability of the financial services industry, since such companies cannot make money in depressed, credit-starved communities.

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Allentown NHS appreciates the opportunity to offer these suggestions and looks forward to more progressive regulations.

Sincerely,

A handwritten signature in black ink that reads "Janis E. Geist". The signature is written in a cursive style with a large initial "J".

Janis E. Geist  
Executive Director