

Community Scholars

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October 15, 2001

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551
RE: Docket No. R-1112

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

Docket No. 01-16
Communications Division
Public Information Room
Mailstop 1-5
Office of the Comptroller of the Currency
250 E St. SW
Washington DC 20219

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G St. NW
Washington DC 20552
Attention: Docket No. 2001-49

Re: Advance Notice of Proposed Rulemaking Regarding
Community Reinvestment Act Regulations

Dear Officials of Federal Banking Agencies:

As a consumer of information provided in the Community Reinvestment Act public files of banking institutions in El Paso, Texas, I believe much can be done to improve the Act. I have outlined four specific suggestions below, but also want to add my support to the detailed analysis provided to you by the National Community Reinvestment Coalition.

Community Scholars is not-for-profit organization based in El Paso. Its mission is to develop ethical regional leaders who understand the challenges of decision-making on an international border. In 1999 and 2000, students in the summer internship program studied the role of the four largest banks in El Paso in the local economy, their lending records, and their CRA public files. It is from that process that I make the following recommendations:

- 1. Require banks to provide very detailed information on all markets in which they do business. A paragraph in an otherwise lengthy examination report is insufficient.**

If the intent of the Act is to compel banks to fully serve the communities in which they have branches, then the only way for the public to know if they are complying with the Act is to read the public files. Reading the files of multi-national banks such as Chase, Wells Fargo, and Bank of America reveals little about their local operations, which puts communities at a distinct disadvantage in understanding the role these giants play in our local economy. Each market should be rated separately on the subtests.

What we do know is that those three banks (and their predecessor owners) and the largest locally owned bank in El Paso exported almost \$1 billion annually from 1992 to 1998. That's 1/12 of the local economy being shoveled to other communities with borrowers more to the liking of the corporate decision-makers who live thousands of miles from El Paso. We need detailed information!!

- 2. Stop grade inflation by examiners.**

No bank deserves an outstanding if it receives a grade of poor or needs improvement in any of the sub-tests. Treat the banks the way they treat potential borrowers. If a potential borrower were insufficient in any of the primary areas that interest loan officers, they wouldn't walk out with a check. Therefore, if any grade for lending, investment, or service is substandard, then an overall rating of outstanding should be prohibited.

- 3. Compare banks within an assessment area as well as those in similar geographic and socio-economic areas.**

Bank officials in El Paso, especially those at Chase, love to tout their record of small business lending, yet this area is criminally underserved when you compare El Paso to other cities, even those along the Texas-Mexico Border. Who cares if Chase El Paso has the most small business loans when its local competitors are even worse at commercial lending than it is?

- 4. Make improvements to CRA that keep up with the recent changes to laws in the financial industry.**

Because El Paso is grossly underserved by the "legitimate" financial institutions, it has been overrun by fringe and sub-prime lenders who operate without federal oversight. This is a critical problem that needs your attention.

Please use this opportunity to make the reality of the Community Reinvestment Act as meaningful as the theory of the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Hull Caballero".

Mary Hull Caballero
Executive Director