



Urban America, L.P.

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279

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. St. NW
Washington, DC 20552

Attention: Docket No. 2001-49

To Whom It May Concern:

UrbanAmerica, L.P. (UA) is grateful for the opportunity to address a Community Reinvestment Act (CRA) issue that directly affects all investment funds that consider themselves "Qualified Investments" under CRA. It is timely that the comment period for the Advance Notice of Proposed Rulemaking (ANPR) comes at a critical time in UA's history, and we would like to recommend some critical changes.

UA is a commercial real estate investment fund that was created to invest equity by acquiring, developing and redeveloping inner city (CRA qualified) commercial real estate in several regions of the country. UA, a multi-regional fund, along with other professionally managed public and private real estate investment trusts and development companies have the extraordinary ability to help develop and redevelop our inner cities, low- and moderate-income neighborhoods, Enterprise and Empowerment Zones and Native American Communities.

Similar to other investment funds, many of UA's investors are seeking to make 'safe and sound' fiscal investments and simultaneously obtain CRA credit. Recently while we were in the process of raising funds, a potential investor (a "regional bank") informed us that they were told by a field examiner that they would receive only 10% credit for every dollar invested in the fund because UA invested in properties that were not exclusive to the bank's regional assessment area. This was the case even though current and future geographic market investments were planned in the subject bank's assessment area. The key question is: Do examiners in the field have the ability to "slice and dice" Investment Test credit?

I have read many CRA bank exams and I do not recall any report that mentioned the weighting of investment dollars. To repeatedly have to ask for guidance concerning the CRA Act, rules, regulations, and recently revised Q&A's speaks to significant problems concerning interpretation. Although the agencies have "always maintained" that an activity that supports community development will be "considered" during the examination period, many banks will not "consider" making an investment in that activity unless they receive full CRA credit for their investment. This fear of not getting full credit is discouraging investment in CRA qualified areas.

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Receiving credit under the "Investment Test" of the Community Reinvestment Act should be a motivating force for CRA investing. This is not always the case. Confusing regulation, lack of transparency and "subjective testing" by examiners in the field have severely limited the positive benefits of the CRA. Changes in the rules and regulations of the CRA would be beneficial if clarity and transparency were enhanced.

UA concurs with the statements of Josh Silver of the National Community Reinvestment Coalition in his comment letter and supports either the passage of the "2001 CRA Modernization Act" or regulations expanding CRA to all non-depository institutions covered under Gramm-Leach-Bliley.

UA is a private sector initiative in support of a "public welfare" purpose, "Community Development" and we are pleased to have the opportunity to submit our comments.

Sincerely,



Dr. Richmond S. McCoy
President & Chief Executive Officer