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From: Curt Roeschley [croeschley@hullhouse.org]
Sent: Wednesday, October 17, 2001 1:07 PM
To: regs.comments@ots.treas.gov
Subject: CRA Regulations

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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:

I am writing from Jane Addams Hull House Association, a provider of economic development programming for over 15 years in Chicago, to comment on the Advanced Notice of Proposed Rulemaking on the Community Reinvestment Act regulations. We must not lose the progress made in the 1995 regulations to the CRA. While CRA is far from perfect, it has become more effective in opening new markets since the 1995 changes. We believe the following principles should be incorporated into the final regulations:

1. Quantitative measures should remain a significant emphasis in the regulations, while improvements that incorporate qualitative differences in lending, investment, or service activities are needed.
2. The lending test should continue as a key component of the CRA exams. The regulations should direct examiners to evaluate the quality of an institution's lending and whether or not the lenders make a significant number of loans with predatory features.
3. The investment test, critical to evaluating an institution's record of meeting the credit needs of its community, should be retained as a separate test. Exams should distinguish between the type of investment activity, the risk of the investment and the return of the investment. Investments in mortgage- and asset-backed securities should be reviewed for predatory or illegal lending practices.
4. With retail banking services critical to the financial health of low-income people, the service test should be applied to all institutions providing these services. The CRA exam process should emphasize branches with a special weight given to the current branch distribution. Banks in alliances that harm low-income consumers should not receive satisfactory ratings. In addition, banks not providing deposit products for low-income consumers should document efforts to support community development service providers to receive a satisfactory rating.

5. The "small bank" definition should not be broadened to include more institutions. Consumers would lose out if fewer financial institutions were required to submit detailed accounts of how they serve their communities. Furthermore, the performance standards for small banks need to be strengthened. All banks should be examined for their provision of loans, investments, and retail services in underserved areas and to underserved individuals.

6. With the use of the Internet, credit card, telephone and other types of banking in today's market the existing regulations for the assessment areas are not sufficient. Evaluating agencies should not only look at the physical branch but at other areas where banks complete a significant amount of business for deposits and loans. Also, large banks should not be allowed to go below the county level when defining its assessment area in a metro area or state. The appropriate agency should regularly evaluate a bank's assessment area to prevent violation of the regulation intent.

7. The lending of a bank's affiliates should always be examined. Failing this, the regulations should specify that an institution can choose only whether to have all affiliates included in the exam, rather than including some while excluding others.

8. Small business data, critical to the meaningful evaluation of a bank's CRA performance, should be revised to mirror the Home Mortgage Disclosure Act (HMDA) format and be made available to the public. Data should be reported on each loan application, including the applicant's race and gender.

9. Institutions should be required to report and make public data on account holders, including income, race, census tract of residence, average balance, type of account, and whether the account was opened in the reporting year.

10. The current definition of "community development", in particular, "activities that promote economic development by financing small businesses and farms", is too broad. Criteria for business development activities should include whether the business is: 1) located in a low- or moderate-income geography and/or minority-owned; and 2) not perceived as

harmful to the community (payday loan stores, liquor stores, etc.). Thank you for your attention to these matters. Please let me know if you have questions about our response or if you require further information.

Sincerely,

Curtis Roeschley
Director of Jane Addams Hull House Association
Jane Addams Hull House Association