

Evans, Sandra E

From: Betty Weiss [nncnnc@erols.com]
Sent: Wednesday, October 17, 2001 1:35 PM
To: Attn: Docket No. 2001-49 Chief Counsel's Off
Subject: Comments on CRA Review

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Betty Weiss
1030 15th Street, NW #325
Washington, DC 20005

October 17, 2001

Attn: Docket No. 2001-49 Chief Counsel's Off
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Dear Attn: Docket No. 2001-49:

On behalf of the members of the National Neighborhood Coalition (NNC), thank you for the opportunity to provide comments regarding the review of the Community Reinvestment Act (CRA) regulations.

NNC members represent the leading national networks of community and neighborhood-based organizations that provide affordable housing and community development in lower income neighborhoods. CRA has been a vital tool for increasing investment in lower-income urban and rural communities, has led to the formation of strong and productive partnerships between nonprofit community development organizations and lenders, and has resulted in greater awareness of the credit needs of distressed neighborhoods. It has stimulated billions of dollars of private investment in affordable housing and community revitalization that would

not otherwise have been available and has been a boon for residents of poor communities. It is critical that the federal banking regulators take the perspective of America's lower income communities into consideration during this important review of the need for changes to the Community Reinvestment Act.

During this review, NNC members urge the regulators to keep in mind that the overriding need is to make sure that CRA continues to be a strong tool for investment in low-income neighborhoods. Regulators should keep the present \$250 million ceiling for small bank streamlined exams and keeping the weight on the lending test are two ways to ensure CRA's continued effectiveness. The Community Reinvestment Act originated as a lending law targeted to underserved communities with unmet lending needs and this should be a continued priority. Other tests do not need to receive more weight, but could be made more effective, especially through better data collection.

Subprime and predatory lending issues are of great concern to NNC members.

As the recent HUD-Treasury Department report found, subprime lending is prevalent in low-income communities because there is a lack of prime lenders seeking business there. Making the distinction between subprime and predatory lending is crucial, and predatory loans should not be counted in evaluating a bank's performance in meeting community needs. However, consideration must also be given to whether a subprime loan results in the best possible outcome for the household, or whether a subprime loan was made to a household that would have qualified for a prime loan, had that option been available.

Data collection and maintenance of public files are also essential in order for the public to be able to understand a financial institution's lending patterns and whether community needs are being adequately addressed. Complete data should be made available in a format that is accessible and clear for the general public. It is important that smaller communities do not get overlooked in this process. The rural part of the

CRA exam does not receive adequate attention and there must be greater emphasis on collecting complete data from institutions serving rural communities and Indian tribes in order to assess how well the needs of these communities are being served. HMDA data should distinguish between

metro and non-metro area lending, with accompanying census data. There is also a need for specific data regarding manufactured housing and lenders that fail to provide race data should be penalized.

The question of how CRA is applied to nontraditional banking institutions is also something that NNC members hope the regulators will consider in this process if CRA is to keep pace with changes in the financial services industry. There should be an appropriate trigger that determines whether

the Bank's performance should be measured in CRA terms. This trigger should take a bank's share of the market into consideration in areas where the bank is doing business in order to evaluate performance for these outside the limited assessment area in which they have a physical presence (headquarters, branches, etc) and reflect the fact that these may be selling bank products through non-traditional ways (via agents, internet).

Where a bank is making loans as well as where it is making deposits should be considered in determining an assessment area.

Finally, contact with neighborhood representatives is something that should be an important part of the CRA exam process. Better data is crucial, but more out of bank contacts would also contribute valuable qualitative information to the review process. Relationships between a bank and the community it serves are an important part of meeting local needs and neighborhood representatives can provide a valuable

perspective on how well a bank is reaching out to the community to assess local credit needs and opportunities and working with neighborhood leaders to meet those needs.

We appreciate this opportunity to comment. The Community Reinvestment Act has been the lifeblood for low-income communities and it is important that the regulations implementing the Act keep pace with a changing industry,

without comprising the intent or effectiveness of this vital program.
Thank you for your consideration.

Sincerely,
Betty Weiss
Executive Director
National Neighborhood Coalition

(Attachment: List of NNC members)

NNC Members
Regular (86)

AARP
Abilene Neighborhoods In Progress
ACORN
AFL-CIO
AFL-CIO Housing Investment Trust
American Planning Association
Atlanta Neighborhood Development Partnership
Bazelon Center for Mental Health Law
Catholic Charities USA
Center for Better Communities
Center for Community Change
Center for Community Self-Help
Center for Public Dialogue
Center of International Learning
Chicanos Por La Causa
Citizens for Action in New Britain (CANB)
City of Asheville
City of Missoula
Coalition for Community Schools
Coalition for Nonprofit Housing Development
Congress for the New Urbanism
Council of Fort Lauderdale Civic Associations
Development Training Institute
Emerson Park Development Corporation
Employment Support Center
Enterprise Foundation
Fair Haven Housing Initiative
Fund for an Open Society
Good Jobs First
Habitat for Humanity International
Housing Assistance Council
ICA Group
Indianapolis Neighborhood Resource Center
Institute for Community Economics
International Economic Development Council
Jesuit Conference USA,
Joseph Corporation
Local Initiatives Support Corporation
Low Income Housing Fund
Lowell Alliance for Families & Neighborhoods
Main Street Business Association
McAuley Institute
Metropolitan Housing Coalition
Metropolitan Strategy Group
National Alliance to End Homelessness
National American Indian Housing Council
National Association of Affordable Housing Lenders
National Association of Community Action Agencies
National Association of Housing and Redevelopment Officials
National Association of Housing Cooperatives
National Association of Realtors
National Center for Urban Ethnic Affairs
National Committee for Responsive Philanthropy

National Community Capital Association
National Co-op Business Association
National Congress for Community Economic Development
National Council of La Raza
National Housing Conference
National Housing Trust
National Puerto Rican Coalition
National Rural Housing Coalition
National Trust for Historic Preservation
National Urban League
NCB Development Corporation
Neighborhood Associations of Michigan
Neighborhood Funders Group
Neighborhood Preservation Center
Neighborhood Reinvestment Corporation
Neighbors of Antioch
NETWORK: A National Catholic Social Justice Lobby
North Side Hill Neighborhood Association
Northriver Development Corporation
Omaha Economic Development Corporation
PolicyLink
Rockford Area Affordable Housing Coalition
Seedco
Surface Transportation Policy Project
Sustainable Racine
TransManagement
Unitarian Universalist Affordable Housing Corporation
United Church of Christ
United Way of America
US Catholic Conference
Vermont Slauson Economic Development Corporation
Volunteers of America, Inc.
Working Partnerships USA

Associate (21)

Amalgamated Bank
Annie E. Casey Foundation
Bank of America
Citibank
Fannie Mae Corporation
Fannie Mae Foundation
Federal Home Loan Bank of Atlanta
Federal Home Loan Bank of Boston
Federal Home Loan Bank of San Francisco
Federal Home Loan Bank of Seattle
First Union Bank
Freddie Mac
JP Morgan & Co., Inc.
LaSalle Bank FSB
Marin Community Foundation
Mortgage Insurance Companies of America
Office of the Comptroller of the Currency
Providian Financial Group
State Farm Insurance Co.
The Urban Institute
Washington Mutual Inc.

Sincerely,

Betty Weiss, NNC Executive Director