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To: 'regs.comments@ots.treas.gov'  
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193

Following are the suggestions of Amicus FSB, Cicero, Illinois, in response to your Advance Notice of Proposed Rulemaking (ANPR) regarding the Community Reinvestment Act regulations.

#### Balance Among Lending, Investments, and Services

The required emphasis on lending should be reconsidered because it is a one-size-fits-all approach. It ignores critical factors such as institution characteristics and, even more importantly, community needs. We propose an approach that does not assign predetermined weights to any of these tests. Lending, investment, and services can be equally important. In fact, it might even be appropriate to have a single test that evaluates the institution's overall support of its entire community.

It is true that the performance context currently provides for consideration of institution and community characteristics. However, the reality is that the existing evaluation scheme causes many institutions to focus on generating big numbers, without sufficient regard to whether their activities are truly responsive to community needs. In some respects, the purpose of the CRA has been forgotten in the race for numbers.

Consider a situation where an institution has two possible approaches for originating high-LTV mortgage loans to LMI borrowers. Under the first scenario, which emphasizes volume, the institution originates 100 loans. Under the second scenario, the institution originates 50 loans. However, to help borrowers understand how to manage mortgage loans and other finances, the second approach includes a financial literacy component that involves investments (dollars spent on developing the counseling program) and services (presenting seminars). Given the current weighting of the lending test, the institution might opt for the first approach even if the second approach is, as a whole, more beneficial to the community.

#### Balance Between Quantitative and Qualitative Measures

As indicated by our comments above, we believe there should be equal consideration of quantity and quality of CRA-related activities.

Further, with respect to the factors that are to be considered in assessing "quality," we believe that innovativeness and complexity are too often emphasized at the expense of responsiveness to community needs. By focusing on complexity and innovativeness, process is being emphasized. This

should  
be changed so that responsiveness and impact on the community is the  
bottom  
line.

In this regard, Section 22(b)(4) regarding community development loans  
does  
not mention responsiveness or impact as a factor to be considered. This  
should be changed.

Question and Answer 22(b)(4)-1 does mention responsiveness, but it  
nevertheless also should be amended. In particular, the following  
sentence  
fails to reflect responsiveness as the most critical factor:

...the extent of CRA consideration an  
institution receives for its community development loans should bear a  
direct relation to the benefits received by the community and the  
innovation  
or complexity of the loans...[emphasis supplied]

The word "and" should be replaced with "or" in order to clarify that  
responsiveness can stand on its own as a factor that speaks to the  
quality  
of a community development loan. For example, a small line of credit to  
help a soup kitchen keep operating is not likely to be viewed as  
innovative  
or complex, yet it might have a huge impact on the community.

The same sort of clarification should be made with respect to qualified  
investments and community development services.

#### Assessment Areas

We currently do not have any recommendations for changing the provisions  
relating to assessment areas, or how such provisions are applied to  
non-traditional banking models.

#### Definition of "Community Development"

Consideration should be given to broadening the definition of "community  
development" so that it includes additional types of activities that  
support  
economic development. For example, economic development efforts in  
rural  
areas often fail to qualify because they do not have the LMI impact  
required  
by the regulation.

#### Separate Test for Community Development

According to the ANPR, some recommend the creation of a separate test  
that  
would evaluate all community development activities together. This has  
some  
appeal, as it would enable institutions to focus more on community needs  
and  
less on having "enough" of each type of activity. However, this  
approach  
could penalize institutions that focus on meeting community needs  
through  
retail lending and banking services. In effect, each institution would  
be  
required to excel at providing community development loans and services,  
without regard to the responsiveness of its retail business. Again, a  
one-size-fits-all approach should be avoided.

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Thank you for considering our comments.

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