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October 17, 2001

Ms. Jennifer Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street & Constitution Ave. NW
Washington, DC 20551
Docket No. R-1112

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

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

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

Dear Ladies and Gentlemen:

The following comments are provided on behalf of Comerica Incorporated, a $49 billion bank holding company with banking subsidiaries headquartered in Michigan, California and Texas.

Comerica is committed to the communities in which it operates and as such is committed to fulfilling the letter and the spirit of the Community Reinvestment Act (CRA). In Comerica's opinion, there should be minimal changes to the CRA regulations. It has taken a number of years for the financial institutions and the regulatory agencies to fine tune the last regulatory changes. Therefore, it would be preferable to maintain the current regulation, with some modest changes, in order to effectively implement the regulation as well as to monitor its success.

In Comerica's opinion, the primary changes that should be made to the regulation are specific to the examination process. The examination guidelines should be revised such that there is a greater recognition of the difference in the business strategies amongst financial insititutions and the markets they serve.

1. Large Retail Institutions: Lending, Investment and Service Tests

A. Lending Test:

Comment: There must be some room within the CRA regulation to allow for differences in business strategies among financial institutions. Not all financial institutions offer the same spectrum of products and services, nor should they be required to. This does not constitute an unwillingness to meet local credit needs or to infuse capital into local communities but, rather, it allows for competition in the market which better serves the community. Therefore, it is important for the regulatory agencies to consider both loan originations and purchases when evaluating CRA lending performance. Additionally, there has to be a recognition that by purchasing loans, capital is freed up to the seller allowing for more loan originations.

The evaluation of whether or not certain loans contain harmful or abusive terms is better addressed as part of the fair lending component of the compliance examination, not as part of the CRA examination. Fair lending performance, through the compliance portion of the examination, has and will continue to impact a financial institution's CRA rating.

The one component of the lending test that needs to be changed is the definition of a community development loan. The current definition is too narrow and differences among markets are not considered. The potential for spin-off jobs and development must be considered when evaluating the purpose of a loan, especially in highly distressed areas, where almost any development can have a positive impact on low- and moderate-income areas and individuals.

B. Investment Test

Comment: Community development investments are inherent to community reinvestment and go hand in hand with direct lending. Tools such as Low-Income Housing Tax Credits and pre-development grants are integral to redevelopment. Investments should be included in the evaluation of a financial institution's CRA performance. However, the availability of viable investments in a community, above and beyond grants, has to be a consideration in the evaluation. Not all markets afford the same level of opportunity or competition for investments.

D. Community Development Activities of Large Retail Institutions

Comment: The agencies need to consider community development investments which take a broader statewide or regional area which includes the financial institution's assessment area. As indicated above, not all markets afford the same opportunities. In many markets, the only community development investment opportunities offered are those which take in a broad geographical area.

5. Performance Context

Comment: The evaluation of CRA performance can't be based solely on quantitative factors. Qualitative factors must be a consideration in evaluating CRA performance in order to account for market and business strategy differences. Whether or not the performance context is the appropriate mechanism for gathering or understanding these qualitative factors may be debatable. However they are derived, the agencies must ensure that consideration of such qualitative factors be part of the examination guidelines to ensure that CRA performance is being accurately assessed.

8. Data Collection and the Maintenance of Public Files

Comment: The CRA data collection and reporting regulatory requirements are sufficiently burdensome. Comerica strongly opposes additional data reporting requirements.

Sincerely,

Kathryn A. Reid
First Vice President
Corporate CRA Manager
(313) 222-7276