
From: rickcumplings@camdenez.org
Sent: Monday, January 24, 2005 11:52 AM
To: Comments, Regs
Subject: 2004-53 Community Reinvestment Act

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

Attention: No. 2004-53

To Whom it May Concern:

I am writing to oppose the CRA Streamlining Proposal. This proposal appears to have its basis in the belief that relying on de-regulation, the market and the enlightened self-interest of thrift institution management will create economic efficiencies to meet the capital needs of low-and moderate-income communities. The current Community Reinvestment Act (CRA) exists now because of the economic inefficiencies created by what was a "free market" when the act was enacted. Has "redlining" lost its meaning? If so, it's because of the CRA. Plus ca change, plus c'est la meme chose.

This proposal contradicts the purpose of the CRA because it will significantly reduce the amount of community development financing and basic banking services in low- and moderate-income communities. This proposal would allow thrift institutions to design their own watered-down Community Reinvestment Act (CRA) exams. The thrifts could eliminate the investment and service parts of the CRA exam, meaning that you would not require them to make investments in or provide branches to low-and moderate-income communities.

Currently, large thrifts with more than \$1 billion in assets have a "three part" CRA exam that consists of a lending test, an investment test, and a service test. Under your proposal, a large thrift can choose to eliminate its investment and service tests, and thus only have to pass a lending test. Or it can choose to have miniscule investment and service tests, meaning that the lending test counts for virtually all of the total grade.

The danger with this proposal is that large thrifts can get away with neglecting pressing community needs. The "design your own easy CRA exam" option will increase the amount of abusive payday loans, check cashing, and other high cost services in low- and moderate-income communities since thrifts will reduce their provision of basic banking services after implementing their own easy exams.

At the same time, your proposal would allow thrifts to finance community development of affluent communities, not lower income neighborhoods, in rural areas and areas afflicted by natural disasters. This is contrary to the purpose of CRA to combat redlining of low- and moderate-income communities.

Please withdraw your proposal.

Concerned in Camden,

Rick Cummings
Managing Director

3/11/2005

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