



**National NeighborWorks®
Association**

Board of Directors

Martina Guilfoil, President
Inglewood NHS

Amy Lockwood, 1st Vice
President
*Concord Area Trust for
Community Housing*

Gerald Shechter, Treasurer
*Westside Housing
Organization*

Pat Stephenson, Secretary
Lafayette NHS

Pam Canada
Sacramento NHS

Josie Cuda
*HomeOwnership Center
Elkins, WV*

Janice Forte
*UNHS NeighborWorks®
HomeOwnership Center*

Maria Garciaz
Salt Lake City NHS

Janis Geist
NHS of the LeHigh Valley

Sarah Gerecke
NHS of New York City

Al Gold
*Colorado Rural Housing
Development Corporation*

Bruce Gottschall
NHS of Chicago

Isay Gulley
Clearwater NHS

William Hale
*Portage Area Development
Corporation*

Eddie Latimer
Affordable Housing Resources
of

Nashville, TN

Peg Malloy
Portland Housing Center

Jim Paley
NHS of New Haven

Terry Testolin
NHS of Richland County

Ron Walker

January 24, 2005

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

Attention No: 2004-53 & 2004-54

To Whom It May Concern:

I am writing on behalf of the National NeighborWorks® Association (NNA) to voice opposition to the Community Reinvestment Act (CRA) rule changes proposed by the Office of Thrift Supervision (OTS). NNA is concerned about the OTS decision to raise the asset limit for small thrifts from \$250 million to \$1 billion thus exempting many thrift institutions from the oversight of the three part CRA exam. The additional rule changes being proposed will go even further to weaken CRA by diminishing the power of the three-part CRA exam still required of large thrifts and by granting CRA credit for community development activities in rural areas whether or not the development benefits a low or moderate income population.

NNA is a national association of over 160 NeighborWorks® organizations (NWOs) that advocate for better neighborhoods and housing for low- and moderate-income individuals and families. Our member NWOs use Neighborhood Reinvestment Corporation funds to leverage private dollars in order to create new homeowners, revitalize distressed communities, and build single family and multi-family housing for low- to moderate-income families. Since 1996 the NeighborWorks® Campaign for Home Ownership has assisted 70,000 households to become homeowners, 89 percent of whom were low- or moderate-income. In addition, our network provided homeownership counseling to over 420,000 individuals. These impacts could not have been achieved without the significant participation of our bank and thrift partners – as investors, lenders and service providers.

Banks and thrifts are vital partners in the work of NWOs and the incentive provided by CRA has been instrumental in building and maintaining these partnerships. CRA provides an incentive for regulated financial institutions to reach out and develop relationship with NWOs and is a critical force in keeping these institutions committed to providing services and products designed specifically for low and moderate income consumers. While some institutions might continue to serve low- and moderate-income markets without the incentive of CRA, we firmly believe that most would not.

Spurred by CRA requirements, lenders frequently work with NWOs to capitalize loan pools or create new financial products targeted to underserved market niches that banks on their own can not reach effectively. The CRA test

encourages lenders to become involved in community education and financial literacy efforts and CRA has forced institutions, either directly or with the help of community based organizations, to make a range of financial services and products available to low- and moderate-income communities within their service area. For example:

- In New York City, lenders prompted by CRA will frequently work with Neighborhood Housing Services of New York City (NHS) to capitalize existing loan pools or to create new products specifically designed to target an underserved market niche. NHS created “The Consortia” by bringing together 15 banks and thrifts to pool their financial resources thus enabling NHS to develop a loan product targeted to low- and moderate-income homeowners and potential homeowners who could not qualify for conventional financing. Banks and thrifts participating in The Consortia are able mitigate the risk of reaching this market by pooling their funds and relying on the homeownership and financial counseling services provided by NHS. CRA was a critical leverage in organizing The Consortia and enabling NHS to offer loan products targeted to a low and moderate income market.
- In Reading, Pennsylvania, a lender looking to improve its CRA rating approached the Neighborhood Housing Services (NHS) of Reading to develop a new loan product designed to assist low-income families purchase and rehabilitate their homes. Although meeting a clear community need, the product held an implied greater risk for the bank and would not have been possible without the NHS partner or the CRA incentive.
- In Inglewood, California, lenders provide financial support for the “Financial Fitness” program operated by Inglewood NHS. Financial education is more important than ever as consumers are faced with a marketplace offering more products, different pricing and confusing variables. CRA credit is an important incentive to keep lenders funding these vital financial literacy programs.
- Affordable Housing Resources (AHR) in Nashville, TN relies on area banks to invest in a first mortgage loan pool that has provided over \$11 million in below market mortgages to low income buyers and moderate income persons buying in very low income census tracts. There are many NNA members that, like AHR, rely on bank investments to support loan pools that are designed to assist low- and moderate-income individuals and families become homeowners.
- Neighborhood Housing Services of Great Falls, MT, has provided more than \$3 million in second mortgages for down payment and closing costs and for owner-occupied rehabilitation and emergency repairs, using funds provided by area banks contributing to a lender pool. This lender pool is on the verge expanding statewide to be able to serve low-income families in fifty-five Montana counties.

These are just a few examples of how NWOs in our NNA network use CRA to leverage and expand the availability of bank products and services in low- and moderate-income communities. Our banking and thrift partners know that NWOs are solid business partners and they are attracted to the opportunity to invest in loan pools and other programs designed to serve emerging markets that most conventional banks overlook. NWOs provide services and products that allow non-traditional borrowers to become homeowners and access the marketplace.

NNA (and its predecessor the National Neighborhood Housing Network (NNHN)) have publicly weighed in at every opportunity to comment on regulations governing the Community Reinvestment Act. We commented in 2001 when the joint advanced notice of proposed rule making was issued on CRA and

again in 2004 when the joint notice of proposed rulemaking was published. At every opportunity we have urged OTS and other federal regulators to maintain the strength of current CRA regulations and have opposed proposals to decrease the number of institutions accountable to the three part CRA exam or any proposals that would to weaken the targeting of CRA investments to benefit low- and moderate-income individuals and communities.

We cannot not support the proposed changes put forward by the OTS because we believe that in an effort to provide greater flexibility to thrifts the core mission of CRA has been compromised.

In particular, NNA opposes the OTS proposal that *any* community development activity in a rural area be deemed as a qualified CRA activity. Though NNA shares OTS's concern that rural areas need greater access to financial capital and services, the proposed regulation would totally ignore the needs of low- and moderate-income individuals and communities.

Many of our rural NWOs are already struggling with the loss of small and medium locally-controlled banks as the banking industry is consolidated through bank mergers. This trend has had a significant impact on low- and moderate-income communities and has resulted in the loss of community lending programs and local loan officers and a reduction in community development resources as grant-making and lending decisions are made at bank headquarters in urban centers which are far removed from their rural customers.

We strongly urge the OTS to maintain the current three part CRA test for large thrifts. Without the incentive of the full CRA test, several thrifts will discontinue or drastically reduce the level of investment and services they provide to low- and moderate-income individuals and communities. The OTS proposal would grant thrifts the freedom to design their own CRA tests and determine the weight that would be given to lending, service and investment test. We are troubled by this proposal and believe it would lead to a decline in the willingness of banks' participation in a range of service and investments activities that communities rely on. We firmly believe that all three activities are vital and banks should be required to engage in these activities throughout their service area.

CRA provides one of the few tools by which NWOs and other community based organizations can influence the merger process and we will oppose regulatory changes designed to allow more institutions to bypass the full CRA exam process.

I appreciate the opportunity to submit comments of the proposed rule on behalf of NNA. This letter was drafted using the collaborative efforts of the NNA membership, a listing of which is attached. NNA membership strongly recommends that the proposed rule be withdrawn and that no action be taken on the current regulations governing CRA.

Sincerely,



Martina S. Guilfoil
President, National NeighborWorks® Association

Mary Jane Michael, Executive Director
Anchorage MHA
Anchorage, AK

Susan Fison, CEO/Executive Director
Anchorage NHS
Anchorage, AK

Renee Patten, Executive Director
Fairbanks NHS
Fairbanks, AK

Nigel Roberts, Executive Director
NHS of Birmingham
Birmingham, AL

Cynthia Burton, Executive Director
Community Service Programs of West AL
Tuscaloosa, AL

Pat Atkinson, Executive Director
Universal Housing Development Corp.
Russellville, AR

Aurora Gonzales, Executive Director
NHS of Southwestern Maricopa County
Avondale, AZ

Peggy Hutchison, Executive Director
Primavera Foundation, Inc.
Tucson, AZ

Rita Carrillo, Executive Director
NHS of Phoenix
Phoenix, AZ

Richard Kontz, Executive Director
Navajo Partnership For Housing
St. Michael, AZ

Dawkins Hodges, Executive Director
NHS of the Inland Empire, Inc.
San Bernardino, CA

Dennis Lalor, Executive Director
South County Housing
Gilroy, CA

Duane Hill, Executive Director
Rural Communities Housing Development Corp.
Ukiah, CA

Edward Moncrief, Executive Director
NHS Silicon Valley
San Jose, CA

Lori R. Gay, Executive Director
Los Angeles NHS
Los Angeles, CA

Margaret Grayson, Executive Director
Neighborhood Partnership Housing Services
Montclair, CA

Martina S. Guilfoil, Executive Director
Inglewood NHS
Inglewood, CA

Glenn D. Hayes, Executive Director
NHS of Orange County
Anaheim, CA

Lynette Gibson, Executive Director
Richmond NHS
Richmond, CA

Pam Canada, Executive Director
Sacramento NHS
Sacramento, CA

Peter Carey, Executive Director
Self-Help Enterprises
Visalia, CA

Rodney Fernandez, Executive Director
Cabrillo Economic Development Corp.
Saticoy, CA

Renee Walton, Executive Director
Vallejo NHS
Vallejo, CA

Neighborhood Housing Services of America
Oakland, CA

Al Gold, Executive Director
Colorado Rural Housing Development Corp.
Westminster, CO

Dan Whalen, Executive Director
Housing Resources of Western Colorado
Grand Junction, CO

Lionel Trujillo, Executive Director
NHS of Pueblo, Inc.
Pueblo, CO

Suzanne Buchner, Executive Director
Tri-County Housing
Fowler, CO

Bruce Crane, Executive Director
NHS of New Britain
New Britain, CT

James Paley, Executive Director
NHS of New Haven
New Haven, CT

Larry Kleutsch, Executive Director
MHA of Southwestern Connecticut
Stamford, CT

Seila Mosquera, Executive Director
MHA of South Central Connecticut
New Haven, CT

Adele Strelchun, Executive Director
NHS of Waterbury
Waterbury, CT

Arden Shank, Executive Director
Miami-Dade NHS
Miami, FL

Askia Muhammed Aquil, Executive Director
St. Petersburg NHS
St. Petersburg, FL

Chloe Coney, President/CEO
Corporation to Develop Communities of Tampa
Tampa, FL

David Herkalo, Executive Director
Neighborhood Housing & Development Corporation of Gainesville
Gainesville, FL

Isay Gulley, Executive Director
Clearwater Neighborhood Housing Services
Clearwater, FL

Ron Walker, Executive Director
Atlanta Mutual Housing Association
Atlanta, GA

Charles Burton, Executive Director
NHS of LaGrange
LaGrange, GA

Ralph Knight, Executive Director
Cobb Housing Inc.
Marietta, GA

Cathy Williams, Executive Director
Columbus Housing Initiative
Columbus, GA

Marina Sampanes Peed, Executive Director
Gwinnett Housing Resource Partnership
Duluth, GA

Young Hughley, Executive Director
Reynoldstown Revitalization Corporation
Atlanta, GA

Virginia Green, Interim President/CEO
Historic District Development Corporation
Atlanta, GA

David Nakamura, Executive Director
Mutual Housing Association of Hawaii
Honolulu, HI

Bob Zelsdorf, President
Mississippi Valley NHS
Davenport, IA

Cary Jones, Executive Director
PNHS HomeOwnership Center
Pocatello, ID

Tom Lay, Executive Director
Neighborhood Housing Services, Inc.
Boise, ID

Bruce Lee Cowhig, Executive Director
Neighborhood Partners of Kankakee, Inc.
Kankakee, IL

Bruce Gottschall, Executive Director
NHS of Chicago, Inc.
Chicago, IL

Debbie Elzinga, Executive Director
NHS of Freeport, NFP
Freeport, IL

Mary Tetzlaff, Executive Director
Joseph Corporation of Illinois, Inc.
Aurora, IL

Jeffrey V. Gibney, Executive Director
South Bend Heritage Foundation
South Bend, IN

Larry Gautsche, Executive Director
La Casa of Goshen, Inc.
Goshen, IN

Patricia Stephenson, Executive Director
Lafayette NHS
Lafayette, IN

Michael Snodgrass, President/CEO
CHWC, Inc.
Kansas City, KS

Kevin Smith, President/CEO
Community Ventures Corporation
Lexington, KY

Evelyn Friedman, Executive Director
Nuestra Comunidad Development Corp.
Roxbury, MA

Gail Latimore, Executive Director
Codman Square Neighborhood Development Corp.
Dorchester, MA

Mossik Hacobian, Executive Director
Urban Edge Housing Corp.
Roxbury, MA

James Cruickshank, Executive Director
Oak Hill CDC
Worcester, MA

Jeanne Pinado, Executive Director
Madison Park Development Corporation
Roxbury, MA

Normand Grenier, Executive Director
NHS of the South Shore
Quincy, MA

Peter Daly, Executive Director
Cambridge Neighborhood Apartment and Housing Services
Cambridge, MA

Philip Giffie, Executive Director
Neighborhood of Affordable Housing
East Boston, MA

Charles Rucks, Executive Director
Springfield NHS
Springfield, MA

Cheryl Meadows, Executive Director
Salisbury NHS, Inc.
Salisbury, MD

Michael Braswell, Executive Director
NHS of Baltimore, Inc.
Baltimore, MD

Mark Johnston, Executive Director
Kennebec Valley Community Action Program
Waterville, ME

Linda S. Likely, Chief Executive Officer
Kalamazoo NHS
Kalamazoo, MI

Mark Neumeier, Executive Director
Neighborhood Renewal Services of Saginaw
Saginaw, MI

Donna Garcia, Executive Director
Neighborhoods Inc. of Battle Creek
Battle Creek, MI

Cynthia Paulson, Executive Director
Community NHS
St. Paul, MN

George Garnett, Executive Director
NHS of Duluth
Duluth, MN

Gerald Shechter, Executive Director
Westside Housing Organization
Kansas City, MO

Sheila Rice, Executive Director
NHS of Great Falls
Great Falls, MT

H. Christopher Slusher, Executive Director
NHS of Asheville
Asheville, NC

Gregg Warren, Executive Director
Downtown Housing Improvement Corporation
Raleigh, NC

Paul Rechlin, Executive Director
Lewis & Clark CommunityWorks
Bismark, ND

Terry Uland, Executive Director
Neighborhoods Inc.
Lincoln, NE

Amy Lockwood, Executive Director
Concord Area Trust For Community Housing
Concord, NH

Bridget Belton-Jette, Executive Director
NHS of Greater Nashua Inc.
Nashua, NH

David Wood, Executive Director
AHEAD Inc.
Littleton, NH

Felix Torres, Executive Director
Manchester NHS
Manchester, NH

Patrick Morrisy, Executive Director
H.A.N.D.S.
Orange, NJ

Michael Loftin, Executive Director
Homewise
Santa Fe, NM

Rose Garcia, Executive Director
Tierra Del Sol Housing Corporation
San Miguel, NM

Brian Sagert, Executive Director
NHS of Southern Nevada
North Las Vegas, NV

Alan Hipps, Executive Director
Housing Assistance Program of Essex County
Elizabethtown, NY

Richard Trouth, Executive Director
NHS of Bedford-Stuyvesant, Inc.
Brooklyn, NY

Cathy Mickens, Executive Director
NHS of Jamaica
Jamaica, NY

Claire Mitchell-Dumas, Executive Director
NHS of Staten Island, Inc.
Staten Island, NY

Jerry Nagy, Executive Director
Kensington Bailey NHS
Buffalo, NY

Janice Forte, Executive Director
UNHS NeighborWorks HomeOwnership Center
Utica, NY

Storm Russell, Executive Director
Jamaica Housing Improvement
Jamaica, NY

Juan Santana, Executive Director
NHS of the South Bronx
South Bronx, NY

Kim Brumber, Executive Director
NHS of Rochester
Rochester, NY

Margaret Feml, Executive Director
Housing Resources of Columbia County
Hudson, NY

Linda Chiarenza, Executive Director
West Side NHS
Buffalo, NY

NHS of North Bronx, Inc.
Bronx, NY

Marianne Garvin, Executive Vice President
Community Development Corporation of Long Island
Centereach, NY

Mark Sabella, Executive Director
Rural Revitalization Corp.
Salamanca, NY

Patrick Madden, Executive Director
Troy Rehab and Improvement Program
Troy, NY

Paul Mazarella, Executive Director
Ithaca NHS
Ithaca, NY

Paul Brunner, Executive Director
Black Rock - Riverside NHS
Buffalo, NY

Sarah Gerecke, Executive Director
NHS of New York City, Inc.
New York, NY

John Wiltse, Director of Operations
Rural Opportunities Inc.
Rochester, NY

Tonya Ores, Executive Director
NHS of East Flatbush, Inc.
Brooklyn, NY

Ygmar Wiel, Neighborhood Director
NHS of Northern Queens
Woodside, NY

Amy Klaben, President/CEO
Columbus Housing Partnership
Columbus, OH

William Hale, Executive Director
Neighborhood Development Services, Inc.
Ravenna, OH

Emily Lipovan Holan, Executive Director
NHS of Cleveland
Cleveland, OH

Richard McBride, Executive Director
St. Mary Development Corporation
Dayton, OH

Ron Woolwine, Executive Director
NHS of Hamilton, Inc.
Hamilton, OH

Rick Williams, President/CEO
The Home Ownership Center of Greater Cincinnati
Cincinnati, OH

Tina Koumoutsos, Executive Director
Neighborhood Housing Partnership of Greater Springfield
Springfield, OH

William Farnsel, Executive Director
NHS of Toledo
East Toledo, OH

Kathryn Kimlin, Executive Director
Neighborhood Capital Corporation
Cleveland, OH

Jim Moorefield, Executive Director
Corvallis NHS
Corvallis, OR

Peg Malloy, Executive Director
Portland Housing Center
Portland, OR

Janis Geist, Executive Director
NHS of the LeHigh Valley
Allentown, PA

LouAnn Ross, Executive Director
NHS of Pittsburgh, Inc.
Pittsburgh, PA

Kathleen Little, Executive Director
Scranton Neighborhood Housing Services
Scranton, PA

Ronald E. Miller, Executive Director
NHS of Reading, Inc.
Reading, PA

Sandy Salzman, Executive Director
New Kensington Community Development Corporation
Philadelphia, PA

Carlos Diaz Rolon, Executive Director
Iniciativa Comunitaria Para La Revitalizacion (INCORE)
Caguas, PR

Yolanda Gonzales-Laboy, Executive Director
Ponce NHS
Ponce, PR

David Knowles, Executive Director
Greater Elmwood Neighborhood Services
Providence, RI

Sharon Conard-Wells, Executive Director
West Elmwood Housing Development Corp.
Providence, RI

Joseph Garlick, Executive Director
Woonsocket Neighborhood Development Corporation
Woonsocket, RI

Joy McCracken, Executive Director
NHS of the Black Hills, Inc.
Deadwood, SD

Eddie Latimer, Executive Director
Affordable Housing Resources, Inc.
Nashville, TN

Tim Bolding, Executive Director
United Housing
Memphis, TN

Joe Martinez, Executive Director
Nueces County Community Action Agency
Corpus Christi, TX

Kathy Flanagan-Payton, President/CEO
Fifth Ward Community Redevelopment Corporation
Houston, TX

Mary Lawler, Executive Director
Avenue CDC
Houston, TX

Manuel Estrada, Executive Director
NHS of Dimmit County
Carrizo Springs, TX

Robert Jodon, Executive Director
NHS of San Antonio
San Antonio, TX

Roy Nash, Executive Director
NHS of Waco
Waco, TX

Sandra Williams, Executive Director
Alamo Area MHA
San Antonio, TX

Walter Moreau, Executive Director
Foundation Communities
Austin, TX

Maria Garcia, Executive Director
Salt Lake NHS
Salt Lake City, UT

Sharlene Behunin, Executive Director
NHS of Provo, Inc.
Provo, UT

Janaka Casper, President
Community Housing Partners Corporation
Christiansburg, VA

Brenda Torpy, Executive Director
Burlington Community Land Trust
Burlington, VT

Ed Stretch, Executive Director
Gilman Housing Trust
Newport, VT

Tim King, Executive Director
Central Vermont Community Land Trust
Barre, VT

Kris Pearson, Executive Director
RNA Community Builders Inc.
Rutland, VT

Ludy Biddle, Executive Director
Rutland West NHS, Inc.
West Rutland, VT

Billie MacFarlane, Executive Director
Aberdeen NHS
Aberdeen, WA

George Staggers, Executive Director
Central Area Development Corporation
Seattle, WA

Tony To, Executive Director
HomeSight
Seattle, WA

Mary Beth Aldrich, Executive Director
NHS of Beloit
Creek, WI

Domenick Martinelli, Executive Director
NHS of Southeast Wisconsin
Kenosha, WI

Terry Testolin, Executive Director
NHS of Richland County
Richland Center, WI

Josie Cuda, Executive Director
HomeOwnership Center Inc.
Elkins, WV

Lynn Talley, Executive Director
Community Works In West VA
Elkview, WV