



Department of Social Development and World Peace

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January 12, 2005

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:

On behalf of the United States Conference of Catholic Bishops, I urge that you withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations published in the federal register on November 24, 2004. The Bishops' Conference has strongly supported the disclosure of lending patterns since legislation was first introduced in 1975. The Bishops of the Catholic Church—with parishes and agencies across the nation—believes that people must be permitted access to information about the lending practices and patterns of the financial institutions in their communities that seek their business. CRA has been an effective financial vehicle for rural and urban communities for decades. Low and moderate income families of all races and ethnicities have benefited from CRA with increased opportunities to purchase homes, open small businesses, or operate farms. The success of local communities gaining access to private capital should not be jeopardized. The proposed changes will dramatically reduce the ability of communities to monitor and promote community reinvestment.

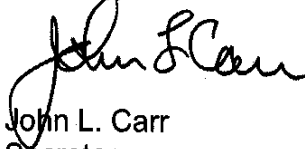
Currently, thrifts or savings and loan institutions with assets of more than \$1 billion are rated by performance evaluations that scrutinize their level of lending, investing, and services within low- and moderate-income communities. The proposed changes would substitute a less challenging criterion of community development. This proposal would allow thifts to choose which needs they want to meet rather than the current requirement of providing comprehensive community development activities critical to the economic health of low- and moderate-income communities.

Many believe, and we fear, that the proposed community development criterion could result in fewer loans and a significant reduction in affordable rental housing investments. Community service facilities and economic development projects would falter from lack of financial support, as savings and loans institutions no longer maintain or build branches in low- and moderate-income communities. Families in these communities would lose access to much needed credit.

People in rural communities especially would be disadvantaged by the new regulations that propose to consider any kind of community development activities in rural areas as meeting CRA requirement regardless of whether they focus on low- and moderate-income individuals or not. This would allow thifts to focus on affluent residents of rural areas, diverting community development activities away from the low- and moderate-income communities and consumers that CRA is designed to help.

I urge you to withdraw and reconsider how best to strengthen—not weaken—CRA's affirmative obligation of thifts to meet credit needs. We seek and CRA was established to expand and enlarge community reinvestment. The regulations, as proposed, are likely to result in a significant reduction in the level of community reinvestment.

Sincerely,

A handwritten signature in black ink, appearing to read "John L. Carr". The signature is written in a cursive style with a large initial "J".

John L. Carr
Secretary

Department of Social Development and World Peace
United States Conference of Catholic Bishops