From: ecorslve@earthlink.net
Sent: Thursday, January 20, 2005 2:13 PM
To: Comments, Regs
Subject: Attention: No. 2004-53 and 2004-54

Gentlemen,

I am troubled by, and strongly oppose the Office of Thrift Supervision (OTS) proposals No. 2004-53 and 2004-54, to give Community Reinvestment Act (CRA) credit to thrift institutions for activities in rural and disaster areas with no benefit for low and moderate income people and places, and would hope that the proposals are dropped.

The Community Reinvestment Act works for rural communities, and it is essential that large institutions remain accountable for investments and services as well as their lending in all the communities they serve. The Community Reinvestment Act encourages banks to provide a modest amount of loans, investments, and services to poor and marginalized communities in their service areas. CRA has helped both hard-hit rural and urban communities create for themselves the services and facilities that more affluent communities take for granted.

Currently, the CRA imposes an affirmative action obligation on banks to serve all the communities, in which they are chartered, including low- and moderate-income neighborhoods. The Office of Thrift Supervision (OTS) is trying to water down CRA by awarding credit to the savings institutions it regulates for any activity they do in rural and disaster areas. Suddenly, million dollar mortgages for vacation homes will count, as will investments in golf courses and ski resorts and this was never the intent of the program.

The OTS proposal also eliminates the requirement to meet credit needs of low and moderate income people and places. The FDIC proposed changes to the CRA regulation in August that would streamline CRA exams for nearly 1,000 banks with assets between $250 million to $1 billion is un-acceptable. Currently, federal agencies conduct CRA exams that rate these mid-size banks on how many loans, investments, and services they make in low- and moderate-income communities and this requirement needs to be maintained. Under the proposed changes, the FDIC-regulated banks would only receive the lending exam. In addition, the lending test itself would be significantly reduced in rigor since these banks would no longer be required to report how many small business loans they made in low- and moderate-income communities.

Thank you for your time and attention.

Ernest J.P. Muhly
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