

From: SAdams7943@aol.com  
Sent: Tuesday, January 04, 2005 6:56 PM  
To: Comments, Regs  
Subject: OTS docket number, No. 2004-53  
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 North Carolina Fair Housing Center, I am writing to oppose your proposed changes to the CRA examination process. Your proposal contradicts the purpose of the Community Reinvestment Act (CRA) and will significantly reduce the amount of community development financing and thrift services in low- and moderate-income communities. This proposal allows large thrifts to design watered-down CRA exams. A likely result of which is increased service to affluent neighborhoods, at the expense of low- and moderate-income neighborhoods, in rural areas and areas impacted by natural disasters.

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. After implementing their own easy exams, the thrifts will ignore the needs for remittances and other low-cost banking services and reduce their provision of basic banking services .

Under CRA, banks and thrifts have an affirmative and continual obligation to serve low- and moderate-income communities. Under your proposal, large thrifts can arbitrarily and capriciously respond to a few, selective community needs instead of a broad range of needs. If the Office of Thrift Supervision (OTS) adopts this proposal, the agency will fail its responsibility to enforce CRA.

Congress enacted CRA in order to stop redlining and disinvestment from low- and moderate-income communities. Under your proposal, large thrifts will suffer no CRA penalty if they provide community development financing to fund a golf course in an affluent community, while overlooking the need for affordable housing or small business incubation in low- and moderate-income communities, in rural areas and areas impacted by natural disasters.

CRA has been effective because the banking agencies have issued regulations in a careful and uniform manner. Your unilateral proposal threatens the gains in community revitalization made possible by CRA. If you implement this dangerous

proposal your actions could impact communities far beyond your regulatory sphere.

If you have any questions, please call me on 919 667-0888 ext. 30 or email me at the above address.

Sincerely,

Stella Adams  
NC Fair Housing Center