

January 12, 2004

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

Attention: No. 2004-53

Dear Counsel:

The Community Development Venture Capital Alliance (CDVCA) is the national trade association for community development venture capital (CDVC) funds. The CDVC industry manages \$550 million of capital, much of it provided by banks and thrifts who are motivated, in part, by the Community Reinvestment Act, and specifically by the Investment Test. CDVCA and our more than 100 members strongly oppose your proposal to allow large thrifts to potentially ignore the Investment and Service Tests of the current regulations. By making these two tests optional, OTS would undermine the successes of community development venture capital funds across the country. We are also concerned that your proposal to modify the definition of "community development" to include *any* investing or service activities in rural areas runs counter the goals of the Act.

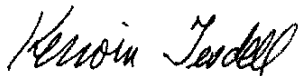
Our research shows that OTS regulated institutions invest in CDVC funds, especially funds located in rural areas. We believe that the Investment Test has helped to spur thrifts' interest in CDVC, and could create more interest in the future if the Investment Test were to remain mandatory for all thrifts. Banks are the single largest provider of private capital in our industry, accounting for more than 36 percent of all private equity investments in our industry. If OTS were to weaken the Investment Test we would be very concerned that this would set a bad precedent for other federal regulators.

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Furthermore we do not support your proposed change in the definition of "community development," which would append "rural areas" to the current definition of community development. We strongly believe that the current definition, which clearly and rightly emphasizes low-and-moderate income individuals and geographies, is the proper definition. CDVCA encourages the OTS and all of the federal regulators to continue their focus on improving access to credit and capital in rural areas. Not only would this proposal confuse the regulatory environment, but it also runs the risk of worsening access to credit and capital for low-and-moderate income persons and low-and-moderate income communities in both rural and urban areas.

Thank you very much for the opportunity to comment on OTS's proposed changes to the CRA regulations. If you have any questions about these comments please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Kerwin Tesdell".

Kerwin Tesdell  
President