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**From:** Don Kelly [dkelly@gpuac.org]  
**Sent:** Monday, January 24, 2005 1:47 PM  
**To:** Comments, Regs  
**Subject:** Comments on Proposed Changes to CRA: Dockets No. 2004-53 and 2004-54

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COMMENTS RE: PROPOSED CHANGES TO CRA REGULATIONS - DOCKETS NO. 2004-53 AND 2004-54

January 24, 2005

Office of Thrift Supervision:

The Greater Philadelphia Urban Affairs Coalition (GPUAC) is a partnership of regulated financial institutions, community organizations and local governments formed 36 years ago to address urban problems. Propelled by the Community Reinvestment Act and existing regulations the partnership has provided mortgage loans to over 35,000 first-time homebuyers and financial education to approximately 1,000 low-and moderate-income people.

GPUAC urges the Office of Thrift Supervision to withdraw its recently proposed changes to its regulations that implement the Community Reinvestment Act. The proposed changes would allow large thrift institutions to design their own CRA examinations in ways that would eliminate or greatly reduce two of the three components of CRA examinations - the Investment Test and the Service Test. The probable consequences would be reduced thrift investments in Low-income Housing Tax Credits, New Market Tax Credits, Historic Preservation Tax Credits and community development loan funds. The proposed changes will also reduce the amount of branch and bank services provided in inner city communities and financial literacy education to lower income people.

As you know, the CRA has motivated thrifts and banks to lend and invest hundreds of billions of dollars in mortgage loans, community development loans, small business loans and equity investments in low-income housing thus taking pressure off the federal government to meet these needs with federal tax dollars. At the very time the federal government is seeking to dramatically reduce its support for housing and community economic development it would be counterproductive to reduce the flow of capital from regulated financial institutions that are supporting these needs. To do so would redirect public pressure back on government to make up the shortfall of hundreds of billions of dollars in loans and investments.

Also, by reducing the regulatory role in promoting reinvestment by financial institutions the proposed changes in the regulations would prompt community groups to direct their advocacy against each thrift institution individually as they did prior to the passage of the Community

Reinvestment Act in the 1970's.

Reduced flow of capital to disadvantaged parts of our communities, increased pressure on the federal government and increased pressure on individual thrifts would be the consequences of your proposed changes.

Is that what the OTS wants to accomplish?

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