



**National
Urban League**

*Empowering Communities.
Changing Lives.*

December 14, 2004

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G St. NW
Washington, D.C. 20552

Attention: No. 2004-53 & 2004-54

To Whom It May Concern:

As President and CEO of the National Urban League, and as the Chairman of the recently launched Urban Entrepreneur Partnership, I am writing to urge you to immediately withdraw your proposal concerning the Community Reinvestment Act (CRA). We find that this proposal contradicts the purpose of the CRA because it will significantly reduce the amount of community development financing and thrift services available in low- and moderate-income communities.

The OTS proposal allows large thrift institutions to design their own watered-down Community Reinvestment Act exams. It would allow a large thrift to 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 the entire total grade. In the end, thrifts would be allowed to neglect the pressing needs in their communities – thus failing to fulfill their responsibility to enforce the CRA. For example, if a thrift eliminates their investment tests, they will not be required to finance affordable rental housing through the Low Income Tax Credits, or finance small businesses through equity investments. Thrifts could also abolish their service tests and not be required to place or maintain branches in low- and moderate-income communities, thus leaving the residents prey to abusive payday loans, check cashing, and other high cost banking services.

In addition, the proposal allows all savings and loans to serve affluent neighborhoods, and neglect low- and moderate-income neighborhoods, in rural areas and areas impacted by natural disasters. This is contrary to the purpose of the CRA to fight against the redlining of low- and moderate-income communities. And finally, the OTS proposal would reduce opportunities for community groups and citizens to meet with thrifts and the OTS to discuss CRA and anti-predatory lending issues when thrifts are merging.

On October 15, 2004, I announced at the National Press Club a new groundbreaking national partnership to encourage minority entrepreneurship and business development nationwide. The new Urban Entrepreneur Partnership aims to increase access to capital and create jobs in historically neglected and economically underserved urban areas by combining private, public and non-profit sector resources to develop one-stop economic empowerment centers.

The centers will provide business training, counseling, financing, and procurement opportunities to minority and urban business owners. The first 5 centers will launch in early 2005 and will be located in Atlanta, Cincinnati, Cleveland, Jacksonville and Kansas City with up to 15 more by the end of 2006. This historic partnership is the result of a great collaborative effort that includes the White House National Economic Council, the Ewing Marion Kauffman Foundation, the Business Roundtable, the Minority Business Development Agency, the Small Business Administration, the Stonehenge Community Development Fund, and others.

I believe that growing small- and medium-sized minority-owned businesses is one of the best ways to close the wealth gap in America and provide real economic empowerment to our communities. In light of our groundbreaking initiative, I am deeply concerned that the proposed rule by the Office of Thrift Supervision would seriously undermine this great effort at the starting gate.

The proposed severe weakening of the CRA by the OTS is an attack on a key civil rights law that is vital if we are to promote equal opportunity in an ownership society. We should be strengthening the CRA, not weakening it! The National Urban League therefore urges immediate withdrawal of the OTS proposal.

If you care to reach me, contact me at 212-558-5336 or Suzanne Bergeron, Manager, Legislative Affairs at the National Urban League Institute for Opportunity and Equality, 202-898-1604 ext. 12.

Sincerely,

A handwritten signature in black ink, appearing to read "m a m o r i a l", written in a cursive style.

Marc H. Morial
President and CEO, National Urban League
Chairman, Urban Entrepreneur Partnership