

From: Shanda King [KING@law.duke.edu]  
Sent: Thursday, January 13, 2005 9:55 AM  
To: Comments, Regs  
Cc: action@cra-nc.org  
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:

I am writing to very strongly oppose your CRA Streamlining Proposal. Frankly, I am outraged that the Office of Thrift Supervision would even make such a proposal. It is clearly aimed at protecting the interests of banks and lenders rather than consumers, which is contrary to the very nature of your office. The changes you have proposed will necessarily make it harder for low and middle income areas to get the services they need simply because banks and lenders will not be required to meet those needs. The CRA as it stands has been hailed as a success by the New York Times and other major media outlets and bastions of public opinion. If it's not broken -- don't fix it!

This proposal contradicts the purpose of the Community Reinvestment Act (CRA) because it will significantly reduce the amount of community development financing and basic banking services in low- and moderate-income communities. You would allow thrift institutions to design their own watered-down Community Reinvestment Act (CRA) exams. Where does the "supervision" part of the Office of Thrift Supervision come in here under this proposal?! The thrifts could eliminate the investment and service parts of the CRA exam, meaning that you would not require them to make investments in or provide branches to low-and moderate-income communities, which we all know many of them will in fact not do because it is not as profitable for them.

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, and this is absolutely unacceptable. 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 since thrifts will reduce their provision of basic banking services after implementing their own easy exams.

At the same time, your proposal would allow thrifts to finance community development of affluent communities, not lower income neighborhoods, in rural areas and areas afflicted by natural disasters. This is contrary to the purpose of CRA to combat redlining of low- and moderate-income communities.

Please withdraw your proposal immediately. If you have any questions, please call me at 919-491-3482.

Sincerely,

Shanda King  
Duke University School of Law

cc Community Reinvestment Association of North Carolina (CRA-NC)