

From: Liz Givens [liz@L4CD.com]  
Sent: Monday, January 10, 2005 1:58 PM  
To: Comments, Regs  
Cc: 'Eric Weaver'; zuri@L4CD.com; jeffwells@L4CD.com; mardie@L4CD.com;  
jeff@L4CD.com  
Subject: Docket No: 2004-53 & 2004-54

\*\*\*VIA EMAIL\*\*\*

January 10, 2005

Regulation Comments

Chief Counsel's Office

Office of Thrift Supervision

1700 G Street, NW

Washington, DC 20552

RE: No. 2004-53 & 2004-54

Dear Chief Counsel:

Lenders for Community Development (LCD) urges you to withdraw your proposed changes to the Community Reinvestment Act (CRA) regulations. CRA has been instrumental in increasing homeownership, boosting economic development, and expanding small businesses in the nation's immigrant, low- and moderate-income, and minority communities. If it enacts these regulations, the Office of Thrift Supervision (OTS) will create a watered-down, ineffective CRA exam for the nation's savings associations and will put at risk the critical supply of capital that low-income communities need to improve the economic opportunities of their citizens.

LCD is a nationally recognized community development financial institution based in San Jose, California. In partnership with banks, philanthropic investors, and community-based agencies, LCD develops financial products and services to channel resources into the poorest Silicon Valley communities traditionally underserved by conventional lenders. We help low-income individuals, families and communities create economic opportunity, build financial stability, and pursue self-sufficiency.

The communities and people that LCD serves have benefited greatly from CRA. LCD was founded through a unique partnership of local banks, both large and small, that came together to create a multi-bank community development corporation. CRA was the impetus behind this creative partnership in California and CRA has brought millions of private dollars to the country's neediest communities to leverage public funding.

Since 1995, LCD has successfully directed over \$54 million in community investment into economically challenged neighborhoods and improved the lives of 4,500 households.

a.. Through its Small Business Micro-Loan Program, LCD has provided over \$4 million in financing to 200 entrepreneurs all over the Silicon Valley area. Of these loans, 75% have gone to minority-owned businesses, 58% to women-owned businesses, and 59% to businesses owned by low-income people.

b.. LCD has originated over \$39 million in housing and facilities loans, financing 3,210 units of affordable housing and 14 new community facilities.

Without the CRA, these entrepreneurs and communities may not get the critical support that enables them to strengthen the economic base and promote healthy neighborhoods.

Under current regulations, large thrifts with assets of more than \$1 billion have performance evaluations that review lending, investing, and services to low- and moderate-income communities. You propose that all thrifts follow a community development criterion that allows them to eliminate the investment and service tests. Instead of demonstrating a full range of services to their communities, thrifts would be able to select their own examination criteria, without regard for the demand in their markets. This change would significantly reduce the amount of community development financing and services in low-income communities—the very communities that the CRA was enacted to serve.

In sum, the OTS's proposal is directly opposite CRA's statutory mandate of imposing a continuing and affirmative obligation to meet community needs. This proposal undermines the intent of CRA, and threatens to undo the years of effort to bring unbanked consumers into the financial mainstream. Without a comprehensive standard to preserve the wealth created by community development finance, the CRA becomes nearly meaningless.

CRA is a vital reinvestment tool. I urge you to remove immediately this proposal from consideration.

Sincerely,

Elizabeth Storey Givens

Director of Development and Policy

Lenders for Community Development

San Jose, California 95113