

From: Joe Myer [jmyer@ncall.org]
Sent: Friday, January 21, 2005 8:52 AM
To: Comments, Regs
Subject: 2004-53 Community Reinvestment Act Comments

Dear OTS Regulators:

1-21-05

All federally insured financial institutions should continue to be fully accountable under CRA for making investments and providing services. NCALL (National Council on Agricultural Life and Labor Research Fund, Inc.) is a nonprofit housing and community development intermediary and CDFI. Our work on affordable housing (apartments, homes, repairs, farmworker housing, self-help housing, etc.) is based in rural areas of the Delmarva Peninsula (Delaware and Eastern Shores of Maryland and Virginia). Because of the high poverty level, increase in Latino population, absence of public infrastructure, and increasing land and housing costs, NCALL as an intermediary and the local nonprofits and families we assist will continue to need access to all of the credit, grants, investments, and services that CRA requires and Delmarva institutions have been offering. NCALL also does direct homeownership counseling, celebrating 5,000 homeowners. Again, NCALL and the lower-income households that rent and want to become owners continue to need access to all of the credit, grants, investments, and services that local lenders have to offer. The investment and services tests become even more important to NCALL and those we serve because we have just become a CDFI. Given the need for alternate credit and filling of financial gaps for the development of affordable housing, investment and service requirements are very necessary to maintain or strengthen.

Frankly, CRA is operating pretty well in our area and we oppose any efforts to tamper or de-regulate it as the impact could be significantly negative towards NCALL and our nonprofit and lower income customers.

The OTS proposal to allow CRA credit for non-low income benefit in rural areas is difficult. First, rural areas have the predominance of substandard housing, lower median incomes, failing infrastructure, remoteness and lack of credit, etc. Therefore, the highest priority should be to serve a low-income and low-income community test in rural areas. To remove the income test could result in less credit and assistance directed to those in greatest need. It would give institutions an opportunity to fund or invest in more safe, middle of the road, efforts that might trickle down some benefits, but may not be measurable for the lower income community. OTS should maintain all tests to rural areas including the low income test and not water it down and dilute it by allowing non-low income investments.

I hope these comments are taken seriously. The loss of private sector funding and investment will have a devastating impact on NCALL and those we serve. Frankly, this is not the time to tamper with CRA unless there is an effort to strengthen it, because federal housing assistance has been on the downswing the past few years and the picture becomes even more bleak with the budget deficit and state budgets struggling. The nonprofit and low-income sectors cannot take a one-two punch of loss of federal housing assistance and reduction in CRA assistance and survive.

Thank you for the opportunity to comment. I truly hope you rule on the side of the less fortunate and those in greatest need.

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