



## **Office of Thrift Supervision**

Department of the Treasury

---

1700 G Street, N.W., Washington, DC 20552 • (202) 906-6000

Because of the volume of comments received on No. 2004-53, OTS is posting the comments received on this proposal in a different format to allow the agency to post comments more efficiently. Where identical comments have been received from more than one individual, the template letter will be posted with a link to an alphabetical list of those submitting that comment ("signatories"). Originals of all comments received may be reviewed at the agency under the procedures described in the notice of proposed rulemaking. This procedure affects only the posting to the website and does not affect how comments will be counted and considered -- each individual's comment will still be treated separately.

The list of signatories to this comment may be found [here](#).



# NEIGHBORHOOD HOUSING SERVICES of New York City, Inc

307 West 36th Street · 12th floor · New York, NY 10018

Tel 212 519. 2500  
Fax 212 727. 8171

Suzette S. Garofalo  
Chief Executive Officer

**CITYWIDE BOARD OF DIRECTORS**

Lloyd W. Brown, II, President  
The Bank of New York  
Lauri Miller, V.P.  
Trustee, Jamaica  
Josephine O'Carroll, V.P.  
Public Mex  
Lydia Rosen, Treasurer  
NYS  
Rosalie Moskowitz, Secretary  
Board President, Northern Queens  
Colleen J. Lee  
Board President, Bedford-Stuyvesant

Evan Rando  
Board Member, NHT

Michael C. Blawie  
Chairman, Board

John R. Duran  
Managing Director, Bank

Edward Bann  
Board Vice President, Northern Queens

Wayne O. Davis  
JP Morgan Chase Bank

W. Elizabeth Curtis  
CitiBank, N.A.

William Goff  
Allstate Insurance Company

Philip C. Craxman  
Bank of America

Tara Ivers  
Bank Holdings

David A. Jackson  
NYC Dept. of HFD

Lela Linder  
Board Member, East Flatbush

Paula Mahoney  
Washington Mutual

Daniel Marano, Esq.  
Board President, Western Island

Terry Moore  
Board Member, Staten Island

Lobby Paine  
Atlantic Corporate Bank, Ltd.

William Paris, II  
Board President, North Side

Dennis Phipps  
Board President, East Flatbush

Richard J. Robinson, President Emeritus  
NYC Bank

Phyllis Rosenblum  
JPMorgan Bank USA

Richard Stein  
Board Treasurer, Bedford-Stuyvesant

Adrian Stein  
Board President, NHT Housing

Lyle Whittaker Mangione  
Washington Chase

**ADVISORY BOARD**

Mitchell A. Ajak  
Atlantic Corporate Bank (USA)

John Branford  
Bank of America

Lyle A. Conley  
NYC Bank

Geoffrey P. O'Connell  
Associated Bank

Marion O. Dunne  
Community Bankers Association

Gary A. Douglas  
Northside Insurance

George L. Ferguson, Jr.  
Atlantic Federal Savings

Robert J. Ford  
KeyBank Corporation

Vivian A. Fournier  
Allstate Insurance Company

Max Goldman  
State Farm Insurance Company

David Kohnberger  
JPMorgan Bank USA

Robert J. Lewis  
Public Mex

James Lippman  
Mellie

Raymond A. Ludwig, Esq.  
Pomeroy Financial Group

Robert J. Meehan  
Thomas M. O'Brien

Adrian Bank of New York

H. Jay Surkin  
Bank of America

John Tashchuk  
Signature Bank

Mark A. White  
JP Morgan Chase

January 20, 2005

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

Attention: No. 2004-53 & 2004-54

To Whom it May Concern:

I am writing to express our deepest concerns regarding the captioned matter. The collaborations between thrifts and nonprofits like Neighborhood Housing Services of New York City have directly resulted in substantial investment in underserved communities. These collaborations will not happen under the proposed rule, and our NHS customers will be left without substantial access to financial education and affordable lending products.

Your proposal will result in considerably less 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. 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. 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. You also propose to reduce opportunities for community groups and citizens to meet with thrifts and your agency to discuss CRA and anti-predatory lending issues when thrifts are merging.

For over twenty years, Neighborhood Housing Services of New York City ("NHS") has been working to provide low- and moderate-income residents the opportunity for purchase their own home or to provide them with the resources to maintain their homes. It is through these resources that we have also been able to provide lending products and programs to ameliorate severe housing dilapidation and community blight that was the out-growth of red-



lining, financial bias and disinvestment in many of America's urban communities over the decades. In light of this effort, NHS is a not-for-profit organization working to increase and protect investment in underserved low- and moderate-income neighborhoods, providing education to inform and assist people and to build communities encourage and support neighborhood self-reliance. NHS accomplished its mission by rehabilitating housing and mixed-use properties; constructing new affordable housing and providing pre- and post-purchase education which ultimately create neighborhood revitalization.

CRA has been vital to the work of NHS. CRA not only provides an incentive for financial institutions to develop relationship with NHS, but it is also a critical force in maintaining these relationships and in keeping banks committed to providing services and products to residents in low- and moderate-income communities.

The Community Reinvestment Act has been a long-standing reference for the standard business performance of many banks in our community development and affordable housing industry. Spurred by CRA requirements, lenders frequently work with NHS and to capitalize existing loan pools or to create new products designed to specifically target an underserved market niche. For example, NHS has a loan product which is comprised of 15 banks called the Consortia. The Consortia was created to provide loans to low- and moderate-income residents who might not be considered for a loan from a convention bank otherwise. The group of lenders pooled their financial resources together in order to mitigate the risk of clients but provide the client with the opportunity to improve their home through a home improvement loan. This product meets a clear community need and implied a greater risk for the banks and if not for CRA it is unlikely that the bank would not have collaborated to create such a product.

Not only has CRA spurred lenders to provide more appropriate products, it has also encouraged lenders to become more involved in community education efforts. NHS is proud to have over ten financial institutions involved in providing lending, volunteer their professional expertise and participate in the educational services to our clients. Investments from thrifts are essential to our financial education programs for first-time homebuyers, and for homeowners in danger of losing their homes to predatory lending.

The proposed rule changes that OTS seeks to initiate are fraught with implications that the thrift banks cannot compete in urban and low- to moderate-income communities for quality CRA loans and investments. I would submit to you that although lending is competitive in the urban marketplace, there are still very real needs that exist for quality lending services to underserved customers, including minorities, new immigrants and female-headed households, from financial institutions. This is why the

partnership with NHS is so critical, as we educate low and moderate-income families and individuals about their financial ability to purchase a home and assist in their preparedness, more customers are produced to account for quality loans.

The expansion of the "community development" definition to include communities that are not traditionally part of the market for which the Community Reinvestment Act was created is at best adverse. Therefore, I would strongly urge that all thrifts should continue to be fully accountable under CRA for making investments and providing services. I also oppose the OTS proposal to consider favorably rural community development activities that do not primarily benefit low-income people or communities.

Thank you for your attention to this critical matter.

[REDACTED]

cc. Neighborhood Reinvestment Corporation  
National Community Reinvestment Coalition