



The Reinvestment Fund  
Human Interest Compounded Daily

Sustainable Development Fund  
TRF Collaborative Lending  
TRF Enterprise Fund  
TRF Private Equity

Post-It® Fax Note	7671	Date	1-21-05	# of pages	2
To	OTS	From	R. DAMICO		
Co./Dept.	Chief Counsel	Co.	TRF		
Phone #		Phone #	215.574.5819		
Fax #	202-906-6518	Fax #	215 574 5919		

January 21, 2005

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

RE: No. 2004-53

Dear Counsel:

As a Pennsylvania-based community development financial institution (CDFI), The Reinvestment Fund urges you to withdraw your proposed changes to the Community Reinvestment Act (CRA) regulations. 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, in direct opposition of Congressional intent of the law.

Founded in 1985, The Reinvestment Fund (TRF) has grown to be one of the nation's largest and most effective community development financial institutions. TRF's primary service area encompasses a 21-county region in the states of Pennsylvania, New Jersey, and Delaware, with many of our financing programs extending well beyond this area to the mid-Atlantic region at large. The primary mission of TRF is to build wealth and economic opportunity for low-wealth communities and low- and moderate-income individuals through the promotion of socially and environmentally responsible development. TRF combines market discipline with social purpose to apply the now more than \$217 million in assets it manages. Since inception in 1985, TRF has created opportunity and choice for low-wealth communities and low- and moderate-income individuals in concrete and measurable ways. During the past 3 years, TRF has:

- created, renovated, or preserved over 3,370 housing units,
- created or retained over 11,460 jobs,
- created, renovated, or preserved over 1.1 million square feet of commercial space,
- created or preserved over 8,330 charter school slots,
- created or preserved 1,550 child care slots,
- financed 178 businesses, including 21 woman- and 38 minority-owned businesses,
- conserved 2.5 million kWh in fiscal year 2003 alone,
- and created 32.9 million kWh of clean renewable energy.

718 Arch Street  
Suite 300 North  
Philadelphia, PA 19106-1591  
tel: 215.574.5800  
fax: 215.574.5900  
email: info@trfund.com  
www.trfund.com

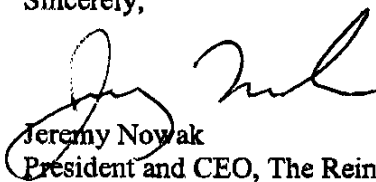
In a letter signed by 30 U.S. Senators to the four regulatory agencies regarding an earlier proposal (February 2004) to increase the definition of "small bank" from \$250 million to \$500 million, the Senators wrote, "This proposal dramatically weakens the effectiveness of CRA... We are concerned that the proposed regulation would eliminate the responsibility of many banks to invest in the communities they serve through programs such as the Low Income Housing Tax Credit or provide critically needed services such as low-cost bank accounts for low- and moderate-income consumers." This proposal goes even further in weakening the CRA.

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.

Your proposal is especially harmful in rural communities. It seeks to have community development activities in rural areas counted for any group of individuals regardless of income. This could divert services from low- and moderate-income communities in rural areas where the needs are particularly great. There is no CRA penalty if thrifts choose to not provide community development finance to low- and moderate-income communities in rural areas. There is no justification for this action.

The CRA encourages federally insured financial institutions to meet the credit and banking needs of the communities they serve, especially low- and moderate-income communities. 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. I urge you to remove immediately this dangerous proposal from consideration.

Sincerely,



Jeremy Nowak  
President and CEO, The Reinvestment Fund

CC: Senator Arlen Specter  
United States Senate, Pennsylvania  
711 Hart Building  
Washington, DC 20510

Senator Rick Santorum  
United States Senate, Pennsylvania  
511 Dirkson Building  
Washington, DC 20510