

Agency : THRIFT SUPERVISION OFFICE
Title : EGRPRA Regulatory Review--Application and Reporting Requirements
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Application and reporting requirements
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Regulations.gov #: EREG - 1 Submitted Jan 18, 2005

Author : Mr. Edmund Mierzwinski
Organization : U.S. PIRG
Attached Files :

Comment :
18 Jan 05
TO: OTS
FR: U.S. PIRG
RE: In opposition to Proposal No. 2004-54 to weaken Community Reinvestment Act

The U.S. Public Interest Research Group serves as the national office of non-profit, non-partisan state Public Interest Research Groups. The PIRGs are public interest advocacy organizations with over one-half million members in over 30 states.

On behalf of the state PIRGs, we strongly oppose your proposal to weaken the Community Reinvestment Act (CRA). U.S. PIRG finds the OTS proposal ill-advised, unnecessary and violative of Congressional intent. It will hurt underserved communities and limit opportunities available to low-income and minority populations.

The CRA is one of the greatest success stories of the U.S. Congress. It is a simple law that benefits lots of Americans and promotes economic development without any regulatory burden to speak of. Its benefits vastly outweigh costs. Further, it is one of only a few obligations placed on federally-insured depository institutions in return for massive taxpayer and government backed benefits not available to other firms.

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.

Your proposal would also allow large thrifts with more than \$1 billion in assets to pick and choose which community needs they will meet. A plain reading of the CRA makes it clear that the law requires banks and thrifts to meet all needs, not pick and choose among them. Large thrifts should not be able to game the system.

Also, the proposal allows any thrift to earn CRA points by providing community development financing and services to affluent neighborhoods, while neglecting low- and moderate-income ones, in rural areas and areas impacted by natural disasters.

These are all bad ideas. None of these ideas is adequately supported by the record. None of these ideas is even representative of the consensus thinking of other agencies. These are outlier ideas and can only hurt low-income and under-served communities.

Please withdraw your proposal. It is so ill-conceived that you are the only agency out of four banking agencies proposing it.

Very truly yours,

Edmund Mierzwinski
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