From: Salli Martyniak [sallim@danefund.com]
Sent: Tuesday, January 18, 2005 9:24 PM
To: Comments, Regs
Subject: Docket No. 2004-53

Salli Martyniak
Executive Director
TheDane Fund
211 S. Paterson Street, Suite 160
Madison, WI 53703

January 18, 2005

Office of Thrift Supervision
Chief Counsel's Office, OTS
1700 G Street, NW
Washington, DC 20429

Dear Office of Thrift Supervision:

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

RE: No. 2004-53

To Whom It May Concern:

As a member of the National Community Capital Association (NCCA) I urge you to withdraw immediately 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.

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,

Salli Martyniak, Executive Director, The Dane Fund
608-257-3863
Executive Director
TheDane Fund