

From: Jennifer Frye [jlfrye2@yahoo.com]
Sent: Sunday, January 23, 2005 10:55 AM
To: Comments, Regs
Cc: action@cra-nc.org
Subject: Comments on No. 2004-53

To Whom it May Concern:

I am writing to oppose your CRA Streamlining Proposal.

This proposal contradicts the purpose of the Community Reinvestment Act (CRA) because it will significantly reduce the amount of 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.

This would be a huge mistake, one that would benefit communities that already have an abundance of wealth and resources.

Currently, large thrifts with more than \$1 billion in assets have a "three part" CRA exam that consists of a lending test, an investment test, and a service test. Under your proposal, a large thrift can choose to eliminate its investment and service tests, and thus only have to pass a lending test. Or it can choose to have miniscule investment and service tests, meaning that the lending test counts for virtually all of the total grade.

The danger with this proposal is that large thrifts can get away with neglecting pressing community needs. The "design your own easy CRA exam" option will increase the amount of abusive payday loans, check cashing, and other high cost services in low- and moderate-income

communities since
thrifts will reduce their provision of basic banking
services after
implementing their own easy exams.

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.

If lenders continue to take advantage of these
communities, low and moderate income individuals will
never be able to be financially self-sufficient, and
the government will have to continue to foot the bill
for social services and other programs that at best
only relieve the burden of poverty in the short term.

Until all individuals and families have equal access
to basic banking services and all communities have a
chance for self-sustaining economic development, the
appalling gap between the wealthy and the poor in our
country will only continue to grow.

Please withdraw your proposal. If you have any
questions, please call
me
at 919-929-6380 x27

Sincerely,

Jennifer Leigh Frye
Inter-Fatih Council for Social Service
Carrboro, NC 27510

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