
From: Kurt Chilcott [kchilcott@cdcloans.com]
Sent: Saturday, January 22, 2005 2:36 PM
To: 'regs.comments@ots.treas.gov_'
Cc: 'jsilver@ncrc.org'; Robert Villarreal; 'afisher@calreinvest.org'
Subject: OTS Docket # 2004 - 53 & 54

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

Attention: No. 2004-53 & 54

To Whom it May Concern:

CDC Small Business Finance does not support the referenced proposed regulation that weakens the intent and reach of the Community Reinvestment Act (CRA). We believe it will significantly reduce the amount of community and economic development financing in low- and moderate-income communities.

CDC Small Business Finance (CDC) is very familiar with CRA and the impact the legislation has had in low to moderate income communities. CDC is a 26 year-old private non-profit corporation certified by the U.S. Small Business Administration to provide below-market financing to small business owners that are expanding and creating jobs. Of the more than 270 similar organizations nationwide, CDC/SBFC is the largest in terms of loans approved and funded and portfolio size.

In 2004, CDC Small Business Finance approved 569 SBA 504 loans, surpassing the previous national record (established by the CDC) by 50 percent. The 569 loans represent over \$1 billion in small business projects and over 5,000 new jobs in our neighborhoods and communities.

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 the proposed regulation, a large thrift can choose to eliminate its investment and service tests, and thus only have to pass a lending test.

CDC has pioneered the development of a number of programs that serve underserved communities. These programs have relied on CRA investments and on volunteers from financial institutions (service test) to be successful. Without these requirements, investments and assistance to these critical programs will evaporate.

We urge you to not adopt this proposed regulation. Any perceived benefit of reducing paperwork or regulatory burden is far outweighed by the damage to programs and services to low income communities and small businesses that would result.

Sincerely,

Kurt Chilcott
President and CEO

3/14/2005

CDC Small Business Finance

cc. National Community Reinvestment Coalition
California Reinvestment Coalition