

THE LEHIGH VALLEY COALITION ON AFFORDABLE HOUSING

1337 EAST FIFTH STREET • BETHLEHEM, PENNSYLVANIA 18015

(610) 691-5620 • Fax (610) 691-6582

20 January 2005

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

Attention: No. 2004-53 & 2004-54

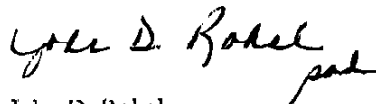
To Whom It May Concern:

The proposal by the Office of Thrift Supervision to weaken the regulations for member banks' compliance with the Community Reinvestment Act will result in considerably less community development financing and basic banking services in low- and moderate-income communities.

The danger with this proposal is that large thrifts can neglect pressing community needs. If they eliminate their investment tests, they will not be required to finance affordable rental housing via Low Income Housing Tax Credits or finance small businesses via equity investments. At the same time, thrifts can abolish their service tests and not be required to place or maintain branches in low- and moderate-income communities. With no service test, the thrifts can also ignore the needs for remittances and other low-cost banking services. The "design your own easy CRA exam" option will create new business opportunities for predatory loan products such as payday loans, check cashing, and other high cost services in low- and moderate-income communities as a result of the absence of banks.

The Lehigh Valley Coalition on Affordable Housing has worked hard with banks in our market to meet the pressing housing needs of our lower-income households and their neighborhoods. The pressures harming such households and neighborhoods, though, remain. Under CRA, banks and thrifts have an affirmative and continual obligation to serve low- and moderate-income communities. Under your proposal, large thrifts can arbitrarily and capriciously respond to a few community needs instead of all needs. If the Office of Thrift Supervision (OTS) adopts this proposal, the agency will fail on its responsibility to enforce CRA.

Sincerely,



John D. Rohal
Chair

cc: National Community Reinvestment Coalition