



Mercy Housing

National Office

December 16, 2004

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

Attention: No. 2004-53 & 2004-54

To Whom It May Concern:

Your proposal to change the Community Reinvestment Act (CRA) will significantly reduce the amount of community development financing and thrift services in low- and moderate-income communities. Your proposal allows large thrifts themselves to design watered-down CRA exams. In addition, your proposal allows all savings and loans to serve affluent neighborhoods, and neglect low- and moderate-income neighborhoods, in rural areas and areas impacted by natural disasters.

The danger with this proposal is that large thrifts will no longer be required to address community needs. If the investment tests are eliminated 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.

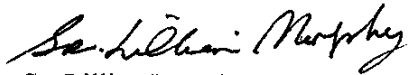
Under CRA, banks and thrifts have an affirmative and continual obligation to serve low- and moderate-income communities. Under your proposal, large thrifts can arbitrarily respond to a few community needs instead of all needs. If the Office of Thrift Supervision (OTS) adopts this proposal, the agency will fail on its responsibility to enforce CRA.

In addition, your proposal regarding rural areas and natural disasters lacks any justification. Congress enacted CRA in order to stop redlining and disinvestment from low- and moderate-income communities. Under your proposal, large thrifts will suffer no

CRA penalty if they provide community development financing to affluent communities, while overlooking low- and moderate-income communities, in rural areas and areas impacted by natural disasters.

Over the years, CRA has been effective because the banking agencies have issued regulations in a careful and uniform manner. We urge you to withdraw this latest proposal.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sr. Lillian Murphy".

Sr. Lillian Murphy, RSM
President/CEO

cc: National Community Reinvestment Coalition