



## Scott County Housing Council

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G St., NW  
Washington DC 20522

Attention: No. 2004-53 & 2004-54

To Whom It May Concern:

Your proposal contradicts the purpose of the Community Reinvestment Act (CRA) because it 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 water-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.


What amazes me is that the law which established the Community Reinvestment Act has not changed, its requirement for the three parts test has not changed and, most importantly the need for CRA has not changed; yet you, as a regulator, have just decided to circumvent the whole process and allow the thrifts to ignore the low- and moderate-income groups the act was established to protect. Where do you come off thinking this is good business for those groups that you are suppose to be looking out for? Where is your fiduciary responsibility to these otherwise neglected groups?

The danger with this proposal is that large thrifts can get away with neglecting 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 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.

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 adopts this proposal, the agency will fail on its responsibility to enforce CRA.

Over the years, CRA has been effective because the banking agencies have issued regulations in a careful and uniform manner. Once again, your unilateral and reckless proposal threatens the gains in community revitalization made possible by CRA. We urge you to withdraw this latest proposal, which is so ill-conceived that it has not been issued by the other banking agencies.

Sincerely,

  
Richard P Schloemer  
Resource Development Director