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Housing • Advocacy • Education • Networking

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January 21, 2005

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


Attention: No 2004-53 & 2004-54

Your proposal to further water-down the Community Reinvestment Act is contradictory to the purpose of CRA. The proposal will significantly reduce the amount of community development financing and thrift services in low- and moderate-income communities. The new proposal could result in a reduction or elimination of the investment and service tests, so that the lending test could count for virtually all of the total grade. Since institutions must lend anyway (to make money), placing all exam points in this category seems redundant, and almost negates CRA, especially in rural areas where institutions are likely to lend broadly because of geography!

Nonprofit housing and economic developers, and nonprofits that counsel consumers to overcome credit issues to become homeowners, benefit greatly from the partnerships they have with financial institutions. Much of this would not happen without CRA. For instance, we could see a drop in such things as (a) bank employees serving on nonprofit boards and committees, (b) weakening of bank consortia that currently make lending available in under-served communities, (c) in-kind support for community groups, and (d) a serious reduction of financial support to communities. Yet these same community groups are those that prepare customers for the lending industry – through counseling, tandem lending programs, down-payment and closing cost assistance, and foreclosure prevention.

The other proposal, to reduce the number of meetings with your agency to discuss CRA and anti-predatory lending matters when thrifts merge, is a further weakening of the relationships that exist between communities and their financial institutions, leading to distrust.

Our Association, composed of nonprofit housing developers and counseling groups across Georgia, opposes these proposed changes in the OTS regulations and urges that you withdraw them.


Kenneth J. Knox, Executive Director