



January 24, 2005

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

Docket No: 2004-53 & 2004-54

**National
Puerto
Rican
Coalition,
Inc. ®**

On behalf of the National Puerto Rican Coalition (NPRC), a non-profit organization representing the interests of over seven million Puerto Rican U.S. citizens on the mainland and in Puerto Rico, I am writing to urge you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations.

Since 1977, the CRA has worked to protect the economic development of low- and moderate- income communities and has been instrumental in increasing access to affordable housing, homeownership and expanding small business opportunities. While current CRA regulations provide for the evaluation of the level of banking services and investment in neighborhoods traditionally underserved by lending institutions; discrimination, predatory lending, and a lack of financial resources and services continue to disproportionately affect Americans of Hispanic descent and minority low-and moderate – income neighborhoods.

Thrifts are the nation's savings and loans and have traditionally focused on home lending. Currently, large thrifts with more than \$1 billion in assets have a three-part CRA exam consisting of lending, services and investments. Under the current proposal these thrifts would have the ability to eliminate the services and investment tests, meaning they will no longer need to meet certain requirements for providing investments, basic banking services or branches to low-and moderate-income communities. With the ability to create their own version of the CRA exam large thrifts with assets of \$1 billion or more are less likely to be held accountable for the services they do not offer provide to communities most in need. Furthermore, although currently the OTS must hold two meetings for community groups and thrifts when two thrifts are merging, this new proposal states the OTS will only provide a meeting at its discretion.

Allowing the removal of the investment tests would eliminate the requirement to finance affordable rental housing via Low Income Housing Tax Credits or finance small businesses via equity investments. Likewise, removal of the services tests would allow thrifts to ignore the needs for low-cost services like remittances, in which money is transferred or "wired" from one location to another, and would increase the chances for high cost services like check cashing and financial abuses such as predatory lending. These changes would directly impact Latino communities, who not only depend highly on remittances services to support families in Latin America and the Caribbean, but are also more than likely than other groups to be targets of predatory lending.

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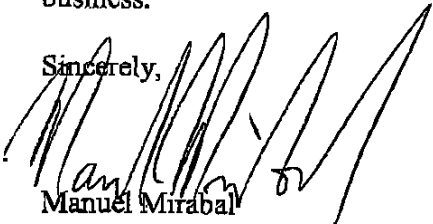
Re: Docket No: 2004-53 & 2004-54

According to the Inter American Development Bank, of the \$38 billion remitted to Latin America and the Caribbean in 2003, seventy-five percent was sent from the United States. States like California, New York, Texas and Florida remitted over \$1 billion, while other states not typically noted for their Latino populations like Washington, Colorado and North Carolina sent at least \$350 million. U.S. Latinos continue to contribute to the U.S. economy and have been able to do so through a banking system enforced by strong CRA regulations. Changing these regulations as proposed would threaten their ability to do so and would take away a vital resource needed in many Latino communities.

CRA has also played an important role in helping to prevent the prevalence of predatory lending practices in Latino communities. Latinos are disproportionately targets of predatory lending due to linguistic and cultural barriers including limited English proficiency, not understanding or trusting banking institutions and having little or poor credit. Weakening the CRA exam as proposed would make it more difficult to hold financial institutions accountable for compliance with consumer protection laws.

Existing financial protections such as the CRA should be developed and evaluated to better serve the development needs of underserved communities. Furthermore, thrifts with assets of at least \$1 billion have the capacity to fulfill their CRA obligations. Proposed regulatory changes should not result in devaluing current banking and community investment opportunities, but should continue to hold financial institutions accountable for their performance in fulfilling the financial needs of the communities in which they are doing business.

Sincerely,



Manuel Mirabal
President