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John Snow
Secretary of the Treasury
Department of the Treasury
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Washington, DC 20220

Greenlining Coalition:

Allen Temple Baptist Church
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Black Business Association
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Mexican American Political Association
Minority Business Council
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Mothers of East Los Angeles
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Southeast Asian Community Center
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Vietnamese Community of
Orange County, Inc.
West Angeles Church of God in Christ
West Coast Black Publishers

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John Bowman
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Don't End Effective Scrutiny of Huge S&L's (No. 2042004-53 and 202004-54): Hearings Urged

Dear Secretary Snow, Director Gilleran and Chief Counsel Bowman,

The Greenlining Institute represents 39 minority community, church, immigrant service and business groups. Our main assessment area is California, where we are served by the two largest thrifts: Washington Mutual and World Savings. In part, these institutions' service to the community is predicated on a belief that the OTS is an effective regulator, concerned about their service to minority and low-income communities.

OTS' unilateral decision to exempt all financial institutions from the traditional CRA exam is disturbing and is opposed for both procedural and substantive reasons.

First, OTS is the least significant regulatory body and is the most understaffed among the four banking regulators. Therefore, it is especially incumbent for OTS to make every effort not to lower the community reinvestment accountability of the very largest institutions subject to its jurisdiction or attempt to adversely affect, through a lowest common denominator strategy, competition with other regulatory bodies.

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OTS' decision to depart from normative behavior and standards of the other three regulatory bodies raises serious questions as to the validity and need for a rogue regulatory body. At a minimum, OTS should delay any action until it holds properly noticed public hearings in at least eight regions of the United States, including California (where we urge hearings in both San Francisco and Los Angeles, given the huge number of branches by our nation's two largest S&L's: World Savings and Washington Mutual).

Second, Greenlining and its members, who work closely with Washington Mutual and have observed, albeit not worked closely with, World Savings, raise the following concern regarding OTS' unilateral actions to water down CRA exams:

the elimination of the investment test could reduce the interest of Washington Mutual and World Savings in financing affordable rental housing by eliminating low-income tax credits or financing small businesses through equity investments. Institutions smaller than WAMU and World are even more likely to water down and/or ignore their investment requirements and commitments to low-income and historically underserved communities.

Third, the OTS proposal effectively limits the service test. This means that thrifts can ignore remittance and other low-cost banking services. Most important, it means that thrifts will ignore any "requirements" to place or maintain branches in low and moderate-income communities.

Fourth, many thrifts have a poor record of serving America's 56 million unbanked. The watering down of the CRA test will discourage thrifts from attempting to creatively meet the needs of the unbanked. It should be noted that serving the unbanked is a high priority for President Bush, OCC, the Federal Reserve, the FDIC, and OTS' "supervisor," Secretary of the Treasury John Snow.

Fifth, the proposal to substantially increase investments in rural areas at the expense of low-income areas is inconsistent with the purposes of CRA. Most important, as the Telephone Universal Service Tax illustrates, 80% or more of investments in rural areas benefit the affluent, such as those who set up second, third or fourth homes in Wyoming or Montana wilderness areas. Greenlining supports the right of the wealthy to live wherever they wish, but does not believe that it should be subsidized through CRA.

Sixth, Greenlining is a major proponent of public meetings and hearings before mergers are approved. Such public hearings by the Federal Reserve have recently led to a \$750 billion CRA commitment by Bank of America and an \$800 billion CRA commitment by J.P. Morgan Chase. These types of hearings and community meetings prior to mergers must be continued and the present requirement of holding two meetings prior to a merger being approved should be continued.

Secretary Snow's Position

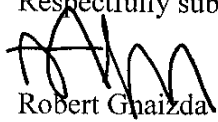
Greenlining is unclear as to whether our nation's two largest thrifts need or support watered-down CRA exams. This is a relevant fact that should be disclosed. Most important, it is

essential to have Secretary of the Treasury John Snow's opinion on the record, since he supervises both OTS and OCC and reflects the Bush Administration's position on the unbanked, a large percentage of whom are Latino.

Hearings In Eight Regions

In order to protect the image of OTS and the needs of the community, Greenlining urges Secretary Snow and OTS to hold eight public hearings throughout the country, including one in Northern California and one in Southern California prior to the comment period being closed. The comment period should be kept open for ninety days after the last hearing has been held.

Respectfully submitted,



Robert Guaiarda
Policy Director
The Greenlining Institute

On Behalf of:

Allen Temple Baptist Church
American GI Forum
Asian Business Association
Asian Enterprise Magazine
California Black Chamber of Commerce
California Hispanic Chambers of Commerce
California Journal for Filipino Americans
California Rural Legal Assistance
CHARO Community Development Corporation
Chicano Federation
Council of Asian American Business Associations California
Filipino America Political Association
Filipino-American Chamber of Commerce, L.A.
First AME Church
Greater Phoenix Area Urban League
Hermandad Mexicana Nacional
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Japan Pacific Resources Network
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