

From: Tony Proscio [tproscio@pobox.com]  
Sent: Monday, December 20, 2004 2:27 PM  
To: Comments, Regs  
Subject: 2004-53 Community Reinvestment Act

I am writing in opposition to all of the proposed changes to CRA rules for thrift institutions. The claim that CRA restrictions are onerous, that documenting compliance is burdensome, and that regulation is unnecessary (because institutions are supposedly already motivated to serve low-income customers and markets) are either unproven or persuasively disproven by decades of evidence. Any relaxation of restrictions on thrifts -- including those concerning investments and services, which are now under attack from the industry -- would be at best an expression of indifference toward discriminatory behavior, and at worst an invitation to such behavior.

Worst of all would be the proposal to give CRA credit to thrifts for rural community development activities that do not benefit low-income people or places. This would be an Orwellian perversion of both CRA's legislative intent and the logic (both moral and economic) that underlay it. Community development lending in rural areas is comparatively easy and attractive when the needs of low-income markets and customers aren't involved. There need not be -- indeed there should not be -- any special reward for such practices beyond economic success. CRA is needed in rural areas in direct proportion to the poverty and economic isolation of those areas, not because they are rural, but because they have been subject to systematic market neglect. That, and that alone, should be the criterion for awarding CRA credit.