

**Mill Valley Interfaith Affordable Housing Committee**

40 Camino Alto, #10102

Mill Valley, CA 94941

December 1, 2004

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

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960636

Attention: No. 2004-53 & 54

To Whom it May Concern:

Mill Valley Interfaith Affordable Housing Committee is opposed to your proposal to reduce requirements in the Community Reinvestment Act (CRA), as it will significantly reduce the amount of community development financing and thrift services in low- and moderate-income communities. Your proposal allows large thrifts to regulate themselves to design watered-down CRA exams. In addition, your proposal allows all savings and loans to serve affluent neighborhoods, while neglecting low- and moderate-income neighborhoods, in rural areas and areas impacted by natural disasters. The whole reason CRA was passed originally was because of the redlining in low-income and more needy areas.

Mill Valley Interfaith Affordable Housing Committee is made up of representatives of five local churches, and two local organizations (Sustainable Mill Valley and Marin County Commission on Aging Housing and Transportation Committee). We have a tremendous shortage of housing affordable to low-income elderly, disabled and working families throughout the San Francisco Bay Area. Though our work is within our local community, we are very concerned about the role of the federal government in adequate funding for this critical needed housing throughout our entire nation.

Currently, large thrifts with more than \$1 billion in assets have a "three part" CRA exam that consists of a lending test, an investment test, and a service test. Under your proposal, a large thrift can choose to eliminate its investment and service tests, and thus only have to pass a lending test. The problem with this proposal is that large thrifts can get away with neglecting critical community needs. If they eliminate their investment tests, they will not be required to finance affordable rental housing via Low Income Housing Tax Credits (an essential in today's shortage of government programs) 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. Under CRA, banks and thrifts have an important positive 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 (OTS) adopts this proposal, the agency will fail on its responsibility to enforce CRA.

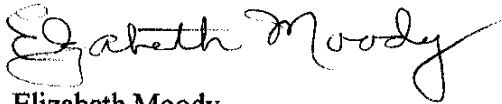
Under your proposal, large thrifts will suffer no CRA penalty if they provide community development financing to affluent communities, while overlooking low- and moderate-income communities, in rural areas and areas impacted by natural disasters. Finally, you would reduce vital opportunities for community groups and thrifts to meet with your agency to discuss CRA and anti-predatory lending matters when thrifts are merging.

Under current regulation, your agency is required to hold two meetings to ensure that all facts and impacts of proposed mergers are thoroughly vetted. Your proposal would allow the OTS, at its own discretion, to hold only one meeting. This is inadequate.

Over the years, CRA has been effective because the banking agencies have issued regulations in a careful and uniform manner. Your current 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.

If you have any questions, you are welcome to call me at (415) 381-8354.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Moody". The signature is written in black ink and is positioned above the typed name.

Elizabeth Moody  
Chair, Mill Valley Interfaith Affordable Housing Committee

cc. National Community Reinvestment Coalition  
California Reinvestment Coalition