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To: Comments, Regs
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The Community Reinvestment Act (CRA) encourages banks to provide a modest amount of loans, investments, and services to poor and marginalized communities in their service areas. CRA has helped both hard-hit rural and urban communities create for themselves the services and facilities that more affluent communities take for granted.

The Office of Thrift Supervision (OTS) is trying to water down CRA by awarding credit to the savings institutions it regulates for any activity they do in rural and disaster areas. Million dollar mortgages for vacation homes will count. So will investments in golf courses and ski resorts. The OTS proposal also eliminates the requirement to meet credit needs of low and moderate income people and places.

OTS is also proposing to let large institutions design their own CRA exams. They may decide that they will do community development lending only, which means they won't have to make investments or services available. So they won't "need" to invest in Low Income Housing and Historic Tax Credits, and they won't "need" to provide the elderly with low cost accounts or help workers from other countries send money home.

If these changes are approved, you can bet that rural community developers will find it harder to get funding and financing. As thrifts pull out of communities, it's likely that abusive sub-prime and payday lenders will step in. These have NO place in a DEVELOPING community.

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