

Holy Family Outreach
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January 19, 2005

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

Attention: No. 2004-53

To Whom It May Concern:

Thank you for allowing the public to comment on the Office of Thrift Supervision's proposal to change the rules concerning Community Reinvestment Act (CRA) regulations. As a member of Outreach in Holy Family Parish, Newark DE., I have grave concerns about the proposed rule changes.

The purpose of the Community Reinvestment Act is to increase lending, investment and banking services in lower income areas. Current rules assess how well banks and lending institutions (thrifts) comply with CRA using a 3-part evaluation made up of lending, investment, and service tests. The proposed OTS changes would allow large thrifts with over \$1 billion in assets to derive almost their entire assessment grade from the lending test, eliminating in essence the investment and services test. If the investment and service tests are eliminated, we can foresee at least three harmful effects:

- thrifts will have reduced incentive to finance the development of affordable rental housing via Low Income Housing Tax Credits.
- thrifts will have fewer incentives to finance small businesses via equity investments.
- thrifts will cut back on or eliminate bank branches and services in low and moderate income communities.

The proposed OTS changes would also redefine the term "community development" to include not just low- and moderate- income communities but also certain rural lands that are in higher or mixed income areas. This would allow thrifts to lend money to or invest in projects that would benefit upper-income communities and persons (e.g. golf courses). This is contrary to the purpose of the Community Reinvestment Act, whose purpose is to stimulate investment in low- and moderate-income areas and to serve low- and moderate- income individuals.

In short, we believe the proposed changes could be used by individuals, corporations and lending institutions to increase the economic advantages that already exist among upper income people, and to decrease the stimulation of economic growth among low- and moderate- income people.

Holy Family Outreach opposes this proposal and urges you to withdraw it from consideration.

Sincerely,



Rae Stabosz, Outreach Office, Holy Family Parish of Newark, Delaware

Cc: Senator Joseph Biden
Senator Thomas Carper
Congressman Michael Castle
Rashmi Rangan, Delaware Community Reinvestment Action Council
His Excellency, Most Reverend Michael A. Saltarelli, Bishop of Wilmington