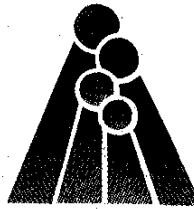


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Crawford County Office
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Fax: 814/724-5181

Union City Office
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Union City, PA 16438
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FAMILY SERVICES
OF NORTHWESTERN PENNSYLVANIA

Strengthening Families
www.familyserviceserie.org

Venango County Office
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Fax: 814/437-2288

North East Offices
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North East, PA 16428
Phone: 814/877-7711

30 Bothel Street
P.O. Box 682
North East, PA 16428

December 20, 2004

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

Attention: No. 2004-53 & 2004-54

To Whom It May Concern:

Your proposal for change to the Community Reinvestment Act Regulations, in our view, will result in considerably less community development financing and basic banking services in low- and moderate-income communities. Thrift institutions, the nation's savings and loans, would be allowed to design their own watered-down Community Reinvestment Act (CRA) exams. Under your proposals, the thrifts could eliminate the investment and service parts of the CRA exam and would not be required to make investments in or provide branches to low- and moderate-income communities. Other aspects of your proposals we do not support are:

- Reduction in lending, investments, and banking services in low and moderate income communities. Some thrift institutions have billions of dollars – they have the capacity to fulfill their CRA obligations.
- The proposed regulations allow large thrifts more than \$1 billion in assets to pick and choose which community needs they will meet. CRA requires banks and thrifts to meet all needs, not pick and choose among them.
- Large thrifts would design their own watered-down CRA exam under the proposed rules. Currently, large thrifts have lending, investment, and service tests as parts of their CRA exam. Under the OTS proposal, they can eliminate their investment and service tests or make them miniscule tests. Reducing the intensity of the CRA exam process will lead to fewer investments, basic banking services, and branches in low- and moderate income communities.
- Under the OTS proposal, all thrifts can earn CRA points by providing community development financing and services to affluent neighborhoods, while neglecting low and moderate income ones in rural areas and areas impacted by natural disasters. The OTS'



December 20, 2004

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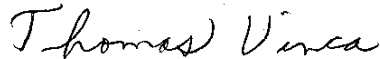
proposal removes CRA's focus of meeting the credit needs of low and moderate income communities.

- Under current regulation, the OTS must hold two meetings for community groups and thrifts to discuss fair lending matters when two thrifts are merging. Now, the OTS is proposing that it may or may not grant a meeting at the discretion of the agency.

These proposals are contrary to the purpose of CRA to combat redlining of low-and moderate-income communities.

Please withdraw your proposal. We understand that you are the only agency out of four banking agencies advancing these proposals.

Sincerely,



Thomas A. Vinca, LSW
President and Chief Executive Officer

/ca

cc: Alliance for Children and Families
National Community Reinvestment Coalition