



To Whom it may Concern

HomesteadCS is a local non-profit housing counseling agency and a CDFI working in several counties in Indiana. Most of our counties are rural in nature. We appreciate the opportunity to comment on the draft CRA regulations.

First let me say, that we are very happy with the fact that all three agencies are working together and that some of the problems associated with the OCC bill passed during the previous administration have been alleviated. We strongly feel that CRA must be updated to better serve our communities and so that financial institutions can better understand their responsibilities under these regulations.

We have had a fairly good relationship with most of our banks. CRA brings them to the table, but sound business keeps them there.

I would like to see this updated CRA encourage even more of that partnership.

As a small community and as rural communities, we are less concerned with low to moderate income neighborhoods as we are with low to moderate income individuals. We would like the new CRA regulations to take that into account. A lot of our counties are farmland and do not have low-to-moderate income neighborhoods, but certainly have individuals who need loans and products from good, regulated financial institutions.


These communities are also, branch poor, so it is important that financial institutions must meet CRA requirements, not only where they have branches, but also where they take in deposits and do lending. This should include on-line lenders.

98% of the banks currently regulated receive at least a satisfactory rating, yet we still have lenders, here in Indiana, who were charged with redlining. CRA would be more successful with a more effective rating system that truly reveals distinction in performance. CRA should also encourage Community Benefit Plans which have been found to be very successful, both for the community and the bank.

Reclassifying banks as small and intermediate would reduce the community reinvestment in our countries as many of the banks we have would not qualify as a large bank.

We request that you take these comments into account as you work through the final draft of this regulation.

Sincerely,


Marie Morse
Executive Director