

From: Katy Jacob [mailto:KJacob@cfsinnovation.com]
Sent: Monday, May 09, 2005 11:07 AM
To: regs.comments@occ.treas.gov; regs.comments@federalreserve.gov; Comments
Subject: Docket No. 05-04, RIN 1557 AB98

Please find comments on CRA rules for mid-sized banks attached.

May 9, 2005

Re: Docket No. 05-04, RIN 1557 AB98

OCC: regs.comments@occ.treas.gov
Federal Reserve Board: regs.comments@federalreserve.gov
FDIC: comments@fdic.gov

To Whom It May Concern:

I am writing from the Center for Financial Services Innovation (CFSI) to support the joint interagency proposal of the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Board and Office of the Comptroller of the Currency (OCC) on CRA rules for mid-sized banks with assets between \$250 million and \$1 billion. CFSI, an initiative of ShoreBank Advisory Services with support from the Ford Foundation, was launched in 2004 to encourage the development of asset-building opportunities that are profitable for both customers and companies.

CFSI believes that basic financial services enable consumers to begin to build assets. The flexible new Community Development (CD) Test developed by the agencies will help overcome problems with the current exam by providing insured depository institutions actual CRA credit for all community development activities, including basic services. In particular, CFSI supports the fact that bank services "intended to primarily benefit low- and moderate-income people" such as low-cost bank accounts and low-cost remittances, will be evaluated under the new community development test for mid-size banks.

CFSI supports the agencies' decision to maintain the large-bank exam for banks with over \$1 billion in assets. This preserves the service test for the largest institutions. In fact, CFSI believes that to better encourage banks to fully serve the needs of all those in their communities for both savings and other asset-building services and for transaction services, the service test should be strengthened. Currently, under the service test, regulatory agencies look at a variety of criteria, including branch locations and closings, the availability and effectiveness of alternative systems for delivering retail financial services, and the range of services provided and how they are tailored to the needs of consumers in the assessment area in question. CFSI would like to see more rigorous and performance-based measures taken into consideration in the service test portion of large bank exams, including consideration of who is actually served, and specific standards and benchmarks for retail banking services.

The new interagency proposal also states that a bank's rating is adversely affected by discriminatory and illegal credit practices that include violations of the Equal Credit Opportunity Act, the Fair Housing Act, the Home Ownership and Equity Protection Act, section 5 of the FTC Act, Section 8 of the Real Estate Settlement Procedures Act, and violations of Truth in Lending Act provisions regarding right of rescission. CRA was intended to promote affirmative development and investment in communities, and thus CFSI supports the agencies' proposal to take into account in CRA ratings actions that cause harm for lower- and moderate-income people.

Both substantively and in terms of inter-agency consistency, the three agency proposal is superior to recent unilateral actions concerning CRA by the Office of Thrift Supervision (OTS). CFSI hopes that the FDIC, OCC and Federal Reserve will encourage the OTS, as it changes leadership, to reestablish interagency consistency on the terms the three agencies have proposed.

Thank you for the opportunity to comment on this proposal, and please contact me if you require further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'JT', is positioned above the typed name of Jennifer Tescher.

Jennifer Tescher
Director

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