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Sent: Friday, January 21, 2005 10:50 AM
To: Comments, Regs
Subject: Proposed Changes to Community Reinvestment Act

January 21, 2005

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

Attention: No. 2004-53 & 2004-54

To Whom It May Concern:

The Community Economic Development Association of Michigan, a statewide trade association with over 250 member and partners, formally opposes your proposed changes to the Community Reinvestment Act. Your proposal would expand the definition of a community development activity to include activities that benefit any individuals who reside in rural areas. The proposal would shift the focus of community development activities away from the activities that actually benefit low-and moderate-income individuals to those activities that benefit any individuals, regardless of income.

Not all activities in rural areas should be treated as qualifying activities for purposes of the CRA. Currently, the CRA calls for rural activities to be treated the same as urban activities. They qualify for CRA credit if they are directed at aiding low- and moderate-income persons and communities.

The impact of these changes would be significant because these changes would apply to all institutions regulated by the OTS. OTS regulated institutions with assets greater than \$1 billion would be exempted from any requirement to serve the needs of low- and moderate-income individuals as long as they provided some activities that benefit individuals in rural areas. Institutions could opt not to meet the needs of low- and moderate-income individuals in urban areas. Instead, they could invest in rural housing near golf courses that only affluent families could afford. For this type of investment, financial institutions would still get satisfactory CRA ratings.

Without guidelines that encourage thrift institutions to provide loans, services and investment in low-and moderate-income neighborhoods, thrifts could default to the days of "redlining," in which particular neighborhoods received no services, loans or investment.

Again, CEDAM urges you to keep the current CRA definition. It will matter in Michigan.

Respectfully,

Tony Lentych
Executive Director

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