

DANNY K. DAVIS

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January 10, 2005

The Honorable James E. Gilleran
Director
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Dear Mr. Gilleran:

I am writing to request that you withdraw the Office of Thrift Supervisions proposed changes to the Community Reinvestment Act (CRA) (RIN 1550-AB48).

CRA has been vital to increasing homeownership, boosting economic development, expanding small businesses and other community resources in minority and in low-income and low-moderate income communities throughout the nation. OTS's proposed changes to CRA will impede future progress to providing community reinvestment opportunities in low-income and underserved communities.

Under OTS's proposed changes to CRA, OTS regulated banks with more than \$1 billion in assets would be able to develop their own CRA examination criteria. Instead of being subject to current performance evaluations that review lending, investing and services to low-and moderate-income communities, these banks could choose not to be subject to the investment and service tests. This change would significantly reduce the amount of community development financing and services in low-income communities.

Since its creation in 1996, the investment test has been vital to the growth of community development organizations working in low-income and underserved communities. The test was added to the CRA Examination to make the implementation of the law more efficient, effective and performance based with objective standards. The investment test provides banks with CRA credit for investing in qualified community development organizations such as CDFIs and CDCs.

Without the investment test, there would be fewer incentives for banks to provide these essential investments in community development organizations. And without the investment, it would be increasingly challenging for community development organizations to continue to provide low-and moderate-income communities with access to affordable capital. Instead of eliminating the investment test, OTS should

work to expand the test to encourage financial institutions to make more complex investments.

Many small municipalities and rural areas in Illinois will be negatively impacted by the proposed changes with less community investments targeted to low- and moderate-income areas, especially under the new proposed definition of rural. It is essential to support community development and respond to the unique challenges confronting rural communities, but this response should ensure that resources are targeted to those with the greatest need. Changing the definition of community development to encompass all rural areas instead of just low and moderate income areas will result in fewer resources in areas with the greatest need.

Thank you for your consideration of these issues and I urge you to withdraw your proposal.

Sincerely,

A handwritten signature in black ink that reads "Danny K. Davis". The signature is written in a cursive style with a large, prominent "D" at the beginning.

Danny K. Davis

Member of Congress