

From: Abbie McBride [amcbride@liifund.org]
Sent: Friday, January 19, 2007 6:49 PM
To: Comments, Regs
Subject: Comments re: Docket No. 2006-44
*****Via Email*****

January 19, 2007

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

Attention: No 2006-44

To Whom It May Concern:

The Low Income Investment Fund (LIIF) appreciates the opportunity to comment on the proposed changes relating to the Office of Thrift Supervision's (OTS) regulation of the Community Reinvestment Act (CRA). LIIF believes in a strong, well-enforced CRA that helps provide opportunities for all Americans.

I am pleased to see that OTS has proposed to align its CRA exam with the rules adopted by the Office of the Comptroller of the Currency, the Federal Reserve, and the Federal Deposit Insurance Corporation. The CRA is stronger when it is evaluated and reported consistently among all financial institutions. Establishing the same standards for banks and thrifts makes it more likely that regulatory agencies and the general public can hold banks and thrifts accountable for serving the needs of communities. I strongly support the OTS enacting its proposal to align its CRA exam with those of the other agencies.

LIIF supports the OTS revising its rules to align with the other Federal banking agencies by eliminating the alternative weight option for large thrifts, defining small savings associations with between \$250 million and \$1 billion in assets as "intermediate small savings associations," and establishing the community development test for these thrifts. I also support the OTS' adoption of the proposed language on discriminatory or other illegal credit practices. The CRA rule issued by the Office of the Comptroller of the Currency, the Federal Reserve, and the Federal Deposit Insurance Corporation took the important first step of codifying provisions stating that evidence of discriminatory, fraudulent, or other illegal practices will adversely affect a bank's CRA rating. It is important that these lending practices count against an institution in a CRA exam.

Lending, services, and investment have ALL contributed to the CRA's success. Banks and thrifts have increasingly recognized that CRA-motivated lending is profitable as well as beneficial to low-income communities. Investments channel capital and products through organizations with expertise in serving emerging low- and moderate-income markets. The "service test" encouraged banks and thrifts to become more active in the essential retail banking services needs of low- and moderate-income consumers. Low-cost bank accounts and individual development accounts, for example, have been important tools to help low-income people build assets.

One way banks and thrifts have been able to meet the investment test is through investments in Community Development Financial Institutions (CDFIs). These investments represent an important way to increase capital flow to low-income communities. The successful partnerships

between CDFIs and other financial institutions illustrate that investment opportunities are available and can be part of a thrift's strategy for successful community reinvestment.

Thank you for the opportunity to comment. Again, I am pleased that the OTS has proposed to align its CRA exam with the other Federal banking agencies. I urge you to move forward with this proposal immediately. If you have questions or would like additional information on this comment letter, please do not hesitate to contact me at 415-489-6105 or amcbride@liifund.org

Sincerely,

Abigail McBride
Director of Planning, Policy and Development
Low Income Investment Fund