

CONNECTICUT HOUSING COALITION

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October 16, 2001

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

Re: Docket No. 2001-49

To Whom It May Concern:

The Connecticut Housing Coalition represents the broad, vibrant and diverse network of community-based affordable housing activity in Connecticut. Our more than 250 member organizations include non-profit developers, social service agencies and other housing practitioners and advocates. The board, members and staff of the Connecticut Housing Coalition believe that the Community Reinvestment Act (CRA) has been a valuable tool in increasing lending and investing in the communities we represent. The regulatory changes made to CRA in 1995 were beneficial. They emphasized bank performance in making loans and providing services. Now, CRA regulations need further updating to increase reinvestment in minority, low- and moderate-income communities.

Because the Gramm-Leach-Bliley Act of 1999 allowed mergers among banks, insurance companies and securities firms, CRA protections must be spread to include the services of all financial institutions.

Current CRA regulations allow banks to choose whether their affiliates' services, lending and investing can be considered on CRA exams. The Connecticut Housing Coalition strongly urges regulatory agencies mandate *all* lending and banking activities of non-depository affiliates be included on CRA exams. This change would accurately assess the level of reinvestment.

The Connecticut Housing Coalition also believes that CRA exams must deliberately screen subprime loans for predatory or exclusionary practices. CRA exams must be conducted concurrently with fair lending and safety and soundness exams to ensure that lending is non-discriminatory and not abusive. The Connecticut Housing Coalition is pleased that the "Interagency Question and Answer" document makes it clear lenders will be penalized when their loans violate federal anti-predatory statutes. CRA regulations must include this provision as well.

A recent study of lending in two of Connecticut's largest cities, found that when controlled for income, African-American and Latino borrowers were more likely to have their loans rejected; more frequently received higher cost subprime loans and received a much lower share of conventional mortgages than did their white counterparts. (The Great Divide An Analysis of Racial and Economic Disparities in Home Purchase Mortgage Lending Nationally and In Sixty Metropolitan Areas, ACORN, October, 2001, pages 31 - 35, <http://www.acorn.org>)

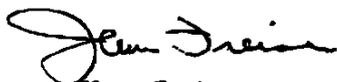
Given these findings, CRA regulations must be changed so minority borrowers are explicitly considered in lending tests. Then CRA exams will stimulate prime lending and greater wealth accumulation in communities of color.

The current CRA exams are reasonable and, with the adjustments recommended above, will be sufficiently rigorous to accurately capture the full spectrum of lending, investment and service activity to our communities.

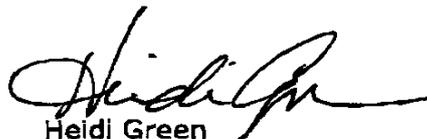
Thank you.

Sincerely,

Connecticut Housing Coalition



Jeffrey Freiser
Executive Director



Heidi Green
Membership Coordinator