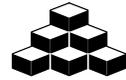


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January 24, 2007

Office of Thrift Supervision
1700 G. Street NW
Washington, DC 20552

Re : Docket 2006-44

Dear sirs:

Our company (www.recapadvisors.com) is one of the nation's leading practitioners in the finance of affordable housing; we work across the country, for sponsors, lenders, investors, and policy makers, in pursuit of good economics and good policy outcomes. When we comment on proposed regulations, our letters are rarely short, but this one is, because the issue is clear:

OTS's Community Reinvestment Act (CRA) regulations should absolutely be aligned with those of the Office of the Comptroller of the Currency (OCC), Federal Reserve (Fed), and Federal Deposit Insurance Corporation (FDIC). This can be done by adopting their regulations and their joint rule expanding the definition of community development and refining the activities that do and do not count in measuring their performance.

The reasons are simple: substance, process, and administrative consistency.

1. *Substance.* The CRA, now reaching its 30th year, was written to motivate financial institutions to reinvest in urban communities by expecting them to provide capital at the frontier of sound practice and prudent innovation. Over the last thirty years, the frontier has moved (for the better). The financial sector has rapidly evolved and become increasingly sophisticated; the OCC-Fed-FDIC rules reflect that through an expanded definition of community development and a more refined view of what practices count for or against an institution. These are wise, market-adaptive changes.
2. *Process.* The joint OCC, Fed, FDIC rules are sensible as policy and were worked out after extensive consultation. They derive from a very good process and are thus worthy of some deference.
3. *Administrative consistency.* Just as individual NCAA football conferences have their own referees but all use exactly the same rulebook, equity and consistency imply that the CRA should be applied the same way to all financial institutions regardless of which regulatory body reviews their performance. Otherwise there will be friction, dilution of clarity, risk to enforceability, and potential for a regulatory race to the bottom.

Thank you for taking our views into account.

Very truly yours,

David A. Smith, President

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